

24 January 1985

## WEST EUROPE REPORT

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## WEU SEEKS TO DEFINE NEW ROLE WITH 'REACTIVATION'

## Arms Control Function Urged

Frankfurt/Main FRANKFURT ALLGEMEINE in German 4 Dec 84 p 2

[Text] The reactivation of the West European Union (WEU), which the council of ministers for this now thirty-year-old defense organization between the six founding members of the one-time European Economic Community and Great Britain had planned at a special meeting at the end of October in Rome, is now supposed to assume concrete form. In any event, that is the desire of the advisory WEU-Assembly, for which the revitalization of the organization is the main theme of their current fall convention in Paris. According to guidelines set by the meeting of the Ministers in Rome, in the future the WEU should be used in a better way for the treatment of questions of European security. The Ministers had discussed wanting to make the West European Union into the "European Pillar" of the Atlantic Alliance. They had agreed to assign new roles to the Agency for Armament control whose task became partially superfluous after the reduction brought about by the latest decisions of the Federal Republic with respect to production of conventional weapons, and to the Organization's Permanent Committee for Armament.

At the beginning of the Fall Conference of the WEU Assembly, French President Jean-Marie Caro (Socialist Party) on Monday expressed the hope that the Ministers who would be appearing as guest speakers during the conference would present more precise information about the condition and further stages of that contemplated reactivation of the West European Union. Among them, it was hoped that especially Federal Republic Foreign Minister Genscher would do so as the current President of the WEU Council of State, as well as Italian Defense Minister Spadolini and France's Minister of Defense Hernu. Caro himself spoke of vagueness with respect to this reactivation. One would like to and one would have to know many things more precisely in this respect.

Before the beginning of the conference the Socialist Group of the Assembly issued four points on the theme of revival of the West European Union:

[1] before the WEU can become the European pillar of NATO, it should become a pillar of disarmament; [2] the other European Nato members, who do not belong to WEU, should be consulted on the reactivation of the organization

(WEU); [3] a reactivated WE should decline every involvement outside of Europe and the NATO area; [4] a common policy against weapons exportation outside of the NATO jurisdiction is mandatory.

#### Gulf States Arms Embargo

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 5 Dec 84 p 5

[Text] On Tuesday in Paris, the great majority of the assembly of the West European Union (WEU) expressed itself in favor of the subsequent use of the NATO Resolution of the end of 1979 with respect to the installation of medium-range missiles and tactical missiles in Western Europe. Furthermore, Moscow is apparently not prepared to dismantle its SS-20 nuclear weapons. In a recommendation to the Council of Ministers of the WEU, the assembly confirmed without reservation that negotiations with the Soviet Union should now be strived for with respect to a balanced and controlled disarmament, especially in the field of medium-range nuclear weapons. The assembly expressed the recommendation that all nations of the WEU and all weapons exporting states should reduce their weapons deliveries to the warring nations in the Persian Gulf. In Paris a denial was submitted by Bonn, according to which - in contrast to reports to the contrary - the Federal Republic had delivered weapons neither to Iraq nor Iran since the beginning of the Gulf War. In a further recommendation, the WEU assembly approved a unified West-European policy in the area of military use of space. This would have to happen in close contact with Washington, in order to avoid differences in opinion between the American and European partners in the Atlantic Alliance.

12521

CSO: 3620/155

## PARTIES DEBATE NEED FOR CONVENING NEW DEFENSE PANEL

## Cruise Missiles Seen Factor

Helsinki UUSI SUOMI in Finnish 17 Nov 84 p 3

[Article: "New Appraisal of Nuclear Weapons Needed for Finland"]

[Text] Finland emerged unscathed from the cruise missile debate and the Euromissile autumn of 1983, in the opinion of Pertti Joenniemi, special researcher at the Institute for Research on Peace and Conflict. Matters remained well in control.

It is necessary, in Joenniemi's view, to make a total reappraisal of the nuclear weapon situation for the end of the 1980s. We can no longer manage with the provisions of the third parliamentary defense committee. The special researcher does not take a stand, however, on who should map out Finland's new position.

Joenniemi stresses that the foreign political environment is being transformed in a profound way. This transformation is influenced by--among other things--the worldwide change in nuclear weapon strategy and by the construction of third-generation cruise missiles at the end of the 1980s.

A study done by Joenniemi entitled "The Cruise Missiles and Finland's Security Policy" has just been completed at Tampere's Institute for Research on Peace and Conflict. In it, the two waves of the cruise missile debate conducted in our country are examined.

## Socialist Party Opposes Convening

Helsinki HELSINGIN SANOMAT in Finnish 8 Dec 84 p 17

[Article: "Parties Differ on Defense Minicommittee; SDP Rejects It, Philajamaki Specifies Mandate"]

[Text] The four largest parliamentary parties--the SDP [Social Democratic Party], the Conservative Party, the Center Party, the SKDL [Finnish People's Democratic League]--take very different approaches to what kind of defense committee should be appointed, or whether a committee is needed at all.



Defense Minister Veikko Pihlajamaki (Center Party) still insists that a fourth defense committee will be appointed this year.

Pihlajamaki said Friday that in the immediate future he intends to confer with the Social Democrats about details of the committee's appointment.

The defense committee ran into a roadblock on Wednesday when the SDP party committee decided that there was no reason to appoint a committee at this stage.

Pihlajamaki intends to make clear to the Social Democrats what sort of mandate he would like for the committee. Pihlajamaki mentioned he was still setting his sights on a min<sup>i</sup>committee which would have a short period of activity and a narrow mandate.

According to SDP party secretary Erkki Liikanen, there is no reason at this stage to appoint a committee with a reduced appropriation. Liikanen also pointed out that elaboration of Finland's foreign policy position is the task of the foreign policy leadership. He alludes to the recently conducted security policy debate and says that these issues belong to the foreign policy leadership.

Pihlajamaki said he had received information elsewhere that the SDP considered the contemplated mandate too broad. He emphasizes his specific starting point: unlike previous parliamentary defense committees, this one would not carry out a broad foreign policy debate.

#### Others Also Have Different Approaches

Nor do the positions taken by the other large parliamentary parties--with the exception of the Center Party--on the need for a defense committee coincide with Pihlajamaki's plans.

According to chairman Ilkka Suominen, the Conservative Party is hoping for a larger committee, one with 11 persons on it, for example, which would have a broad mandate. Suominen wonders why "the SDP threw a rag in Pihlajamaki's face" and insinuates that--if on anything--a consensus should prevail on precisely these issues.

The same approach was taken by parliamentary representative Ilkka Kanerva (Conservative Party), who spoke in Turku on Friday. He asked why the SDP fears an objective debate on security policy. He believed that decision-making in foreign policy was treading on "thin ice."

Communist Jorma Hentila, former first secretary of the SKDL, thought that the SDP had rejected both the minicomm<sup>i</sup>tee advocated by Pihlajamaki and the broadly authorized committee wanted by the SKDL. The SKDL's official stand on the committee issue will be decided next week.

Hentila, who has sat on earlier committees, proposes a committee which would discuss Finland's military and security policy situation while taking into account the changes that have occurred in nuclear weapon technology and strategies, for example, the Euromissiles.

Hentila's personal opinion is that it would be appropriate to establish a security policy committee--subordinate to the Ministry of Foreign Affairs--which could indeed step on the President's toes but which would not restrict the President's authority.

The minicommittee is supported unreservedly only by the Center Party, whose parliamentary group has already found time to suggest Center Party member Matti Tuovinen, a retired state secretary from the Ministry of Foreign Affairs, as chairman of the committee. The chairman of the previous committees, editor-in-chief Jan-Magnus Jansson (Swedish People's Party), is not interested in the task of heading the fourth committee.

#### Not a Question of Chairmanship

The issue of the committee's chairmanship is not the reason for the SDP's thumbs-down position, according to Liikanen. The party committee's justification for its stand was that "the proposals of the third parliamentary defense committee offer a framework for defense policy over a longer range as well."

The government decided at the end of October to ask the parliamentary parties for opinions on the need for a committee.

Appointment of a committee has been supported previously by--among others--Foreign Minister Paavo Vayrynen (Center Party), the Parliament's defense commission chairman Mauri Miettinen (Conservative Party), and Prime Minister Kalevi Sorsa (Social Democratic Party), who in December of 1982 offered for consideration the idea of appointing a new committee for the preservation of consistent thinking in defense policy.

Foreign Minister Vayrynen was surprised Friday by the SDP party committee stand and pointed out that it was decided in the government's night school to listen to the parties' views and that at least the parties in the government should favor appointment of the committee without further ado.

The third defense committee framed a 5-year appropriations-investment program for 1982-86 and, in addition, outlined the army's needs for 15 years. According to Pihlajamäki, the Defense Ministry wants, over and beyond that, joint recommendations of the defense administration and civilian critics for the development of the defense administration during the 5-year period starting in 1987.

The seven-member committee contemplated by Pihlajamäki would have three representatives from the Left and four from nonsocialist parties.

#### Leading Paper on 'Consensus Issue'

Helsinki HELSINGIN SANOMAT in Finnish 12 Dec 84 p 2

[Editorial: "The Defense Committee Consensus Issue"]

[Text] Each of the three parliamentary defense committees which have functioned up until now was appointed unanimously, and their reports were

also of a similar nature. Just recently, it was the opinion in the principal parties--according to a statement by Prime Minister Kalevi Sorsa a few years ago--that a fourth defense committee could be useful in achieving a mutual understanding of the chief course of action. It could also serve to clarify the relative importance of developmental goals for the defense forces and their representatives.

A confusing exchange of views on appointment of the committee has now taken place in public. In it, people have clearly avoided taking a stand on the question of why the grounds for appointing a new parliamentary defense committee should have changed so suddenly. The reasons presented publicly by the Social Democrats are mostly formal because security policy issues have also been the duty of the President of the Republic during the time of other defense committees, nor has there previously been a question first and foremost of the urgency of defense appropriations. Reference to the change of these parliamentary committees into nonparliamentary ones in reality also seems farfetched, since the fourth committee can be made just as parliamentary as one wants. And its recommendations can be criticized in the Parliament just as acrimoniously as one pleases.

The unusually lively activity of the defense minister from the Center Party--even if only for appointment of a minicommitee--indicates an eagerness to exploit the conflicts which have arisen among the Social Democrats specifically in military matters. After all, Veikko Piilajamaki said at the start of the year that "no special need for appointing the committee has come up." For our part, the state of things has not changed essentially after that statement.

Since the third defense committee finished its work, the situation in both Europe and the Nordic countries has taken an unwelcome turn. Bewildering statements about cruise missiles were occasionally made, and expectations have recently been presented and explained with reference to relations between Sweden and the Soviet Union. So there obviously is a need for new standpoints, but a public committee has suddenly become inappropriate. Could its pre-occupation with exchanging opinions derive from issues too delicate for the situation and for our position, the kinds of issues in which the President of the Republic also prefers to keep a low profile?

As the prime minister cannot in this controversial situation let the committee issue rest just on the parties' separate statements, a satisfactory explanation is thus to be expected. After all, such an important matter must be considered a consensus issue.

#### Communist Electoral Front Opposed

Helsinki HELSINGIN SANOMAT in Finnish 13 Dec 84 p 11

[Article: "SKDL Also Opposes New Defense Committee"]

[Text] Like the Social Democrats, the SKDL does not now consider a fourth parliamentary defense committee necessary. The SKDL's reply to a Defense Ministry inquiry was published Wednesday.



According to the SKDL, appointment of a parliamentary defense committee to deal with the developmental requirements of the defense forces and to make recommendations for appropriations is not justified, nor should a defense committee be appointed in accordance with the mandate presented by the Defense Ministry.

On the other hand, a committee subordinate to the Ministry of Foreign Affairs should be organized, in the SKDL's view, in order to clarify the changes brought about in Finland's security situation by the development of nuclear weapon technology and strategies and the conclusions concerning the country's security drawn from these changes.

The government decided about a month ago to ask all the parties in the Parliament for their views on whether a fourth defense committee should be appointed in order to formulate a 5-year appropriations program for the defense forces. Both parties of the Left have answered the question negatively.

Defense Minister Veikko Pihlajamäki (Center Party) still has not lost all hope in the minicommittee he has planned. The minister said Wednesday he will first take a look at all the parties' replies and afterwards the issue will be discussed in the government.

There is no longer time to do anything about the committee issue this year, in Pihlajamäki's opinion, nor is there anything burningly urgent about the committee.

Pihlajamäki did not accept the idea that he should have been more involved in the committee issue. Pihlajamäki pointed out that the government got started on the issue by deciding unanimously to ask the parliamentary parties for their stand. Pihlajamäki says that he has not been especially active in any way. In the Defense Ministry, the defense committee is considered only advantageous to the ministry and the defense administration. Experiences with the committees have been positive.

There is scarcely any enthusiasm in the defense forces for the committee proposed by the SKDL for extensive discussion of security policy and new nuclear weapons. There they are apprehensive of committee work in which people set out to establish Finland's potential enemies.

A controversy developed in the third defense committee over interpretations of the Treaty of Friendship, Cooperation and Mutual Assistance, and the foreign policy leadership probably does not want the controversy to heat up in the new committee. So the possibilities for appointing a committee subordinate to the Ministry of Foreign Affairs--as proposed by the SKDL--do not appear any better than those for merely appointing a defense committee.

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CSO: 3617/45



## GOVERNMENT FOREIGN POLICY EMERGES STRONGER AFTER WINNING TEST

Copenhagen BERLINGSKE AFTEN in Danish 23-29 Nov 84 p 1

[Article by John Wagner]

[Text] There will be no election. Not this time around. And if an election ever is called because a nonsocialist government refuses to live with a Social Democratic opposition's security policy, it will be as a result of a direct injunction to the government to negotiate with our NATO allies for the purpose of removing Denmark from parts of the North Atlantic defense cooperation. Leading politicians in the four government parties, the Social Democratic Party and the Radical Liberal Party agree on that.

On Wednesday it was exactly a year since Foreign Minister Uffe Ellemann-Jensen made his quite candid and afterwards much-disputed statements at Sabro Inn in Arhus about the security policy the Social Democrats were forcing the government to pursue

According to the report in JYLLANDS-POSTEN Ellemann-Jensen said that his temperament had been sorely tested when he had to go to NATO meetings and make Denmark look ridiculous with foolish and absurd security policy resolutions.

Against that background the Social Democrats took the unusual step on 2 December 1983 of requesting a vote of no confidence in the foreign minister. The resolution was dropped however when a Radical Liberal resolution to avert it was passed. But today--roughly halfway through a new security policy battle between the government and the Social Democrats--it is worth noting what Uffe Ellemann-Jensen said during the debate on his statements at Sabro Inn:

"I did not use words like 'foolish' and so forth in referring to Folketing's resolutions. I used them in referring to the hypothetical situation that in a UN vote on a Soviet resolution we would isolate ourselves from our NATO partners."

They say that history does not repeat itself, but even so.

In mid-December the government must decide whether Denmark along with the other NATO countries minus Greece will vote against a resolution to the UN

General Assembly sponsored by GDR, Hungary and Cuba, condemning the first use of nuclear weapons or whether the government will yield to the request of the Folketing majority and abstain from voting.

Thus it is no longer a hypothetical situation that Denmark might isolate itself from the other NATO countries with the exception of Greece in a UN vote on a proposal made by communist countries.

And until a Folketing debate is held on 7 December it will be an open question whether the government will be content to make a "Social Democratic" explanation of the vote and vote against the communist countries' motion, as the UN delegation did on Wednesday at a committee meeting, or if the Social Democrats will succeed in forcing the government to take the opposite course, which not surprisingly was outlined in an editorial in POLITIKEN. It is based on Denmark abstaining from voting--but at the same time explaining that Denmark respects NATO's defense strategy until it can be changed.

#### Painful Element

This is precisely the painful element in the matter. NATO's defense is based on so-called flexible retaliation, which means that NATO has not ruled out the possibility of using nuclear weapons as a defense against a conventional attack from the Warsaw Pact countries. Therefore the government feels that in order to preserve a remnant of its credibility in NATO, Denmark should vote against the GDR proposal. The Social Democrats, SF [Socialist People's Party], VS [Left-Socialist Party] and the Radical Liberals said at a meeting of the Foreign Policy Board on Tuesday that if the government completely lived up to the controversial resolution of 3 May, it should refrain from voting, but the government rejected that and instructed the UN delegation to vote no at the meeting of the UN Arms Control Committee.

For half a day many people, including Prime Minister Poul Schluter in a speech to the International Chamber of Commerce, talked about having an election if the dispute went on. But the SDP chairman, former Prime Minister Anker Jorgensen, does not want an election either. And after a couple of stormy group meetings he said on Wednesday afternoon that "the matter is not an appropriate basis for an election." In other words the Social Democrats will not move for a vote of no confidence in the government if it upholds its no vote on the GDR proposal in the General Assembly. Poul Schluter has said that the government is prepared to vote the same in committee and in the full assembly--but he said the same thing when the government was forced to shift its position on the Swedish-Mexican UN proposal last December on freezing nuclear arsenals.

The question is who will pay the price this time to avoid an election based on security policy, and one might say that the Social Democrats have already paid a considerable amount by pursuing what Anker Jorgensen calls a "soft line." The Social Democrats are on the defensive--and to such an extent that the government should be able to dictate a compromise that would maintain the no vote followed up by a "Social Democratic" explanation of the vote that could consist largely in reading the 3 May resolution.

BERLINGSKE AFTEN has learned that the government will get in touch with the Social Democrats relatively quickly in order to reach agreement on a clarification of the vote. Many nonsocialist politicians felt Wednesday evening, after Anker Jorgensen shot down the election balloon, that there is finally a good climate for restoring agreement on Danish security policy. But only time will tell if that is true.

Under any circumstances there is general agreement at Christiansborg that no one--except for SF, VS and possibly the Progressive Party--wants an election and especially an election based on security policy. Everyone is unsure how the voters would react if they had to vote in the wake of the heated discussion on unemployment insurance and a few months before the contract renewals simply because the old parties cannot agree on Danish foreign policy.

As far as the government parties are concerned, the Liberals and to some extent CD [Center-Democrats] have flirted a little with the idea of taking a chance on the "fateful election," as Poul Schluter has called a potential security policy election. The Christian People's Party does not want such an election and the Conservatives would go through many unusual contortions to avoid it. Not because the Conservatives fear a loss of votes, for they do not, but because they--like Anker Jorgensen--regard the UN resolution issue as "much too minor" for an election and because the government risks losing the majority for its economic policy if an election has to turn on security policy.

So it was quite deliberate when the prime minister--at the meeting of ministers on Tuesday--sharply condemned the government party politicians who had tried to go around him and dramatize the situation. In other words Poul Schluter made it clear in terms that everyone could understand that he--and he alone--would decide whether or not to call an early election.

A number of top politicians in the old parties agreed that an election over security policy is unlikely as long as no serious questions are raised about NATO membership. If one asks nonsocialist politicians where the line would be drawn, they usually answer somewhat vaguely but there is widespread agreement that if a Social Democratic opposition forced the government to negotiate with our NATO allies for the purpose of removing Denmark from part of the North Atlantic defense cooperation, such as the military cooperation, the government would call an election. Prominent Social Democratic and Radical Liberal politicians say that it is also their understanding that it would be going too far to meddle with military cooperation and they have no interest in doing so--at least not at the moment.

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CSO: 3613/46

## FOREIGN MINISTER CITES FRUSTRATION AS NATO 'FOOTNOTER'

## Jorgensen Attacks Statement

Copenhagen BERLINGSKE TIDENDE in Danish 8 Dec 84 p 8

[Article by Ole Dall]

[Text] The great conciliatory spirit prevailing during the debate in the Folketing on Denmark's role within the United Nations suddenly changed into a wordy showdown, in particular between Anker Jorgensen and the foreign minister on earlier statements by the prime minister.

"Things have become somewhat marred, but we may still be able to establish a cooperation on the security policy."

The above statement was made by Anker Jorgensen (Social Democratic Party) yesterday during the debate of the Folketing on Denmark's role within the United Nations, and the chairman of the Social Democratic Party said that it was Uffe Ellemann-Jensen who had hurt the debate, which, apart from vehement charges against the foreign minister by Anker Jorgensen, was marked by a spirit of great conciliation.

The reason for the charges was that the minister had stated that the government would refrain from voting on a proposal introduced by the Social Democratic Party because it contained a reference to the comprehensive "3 May resolution," which gave expression to an intensification of the Danish security policy in a number of areas.

"The hesitation on the part of the government in the past has not, of course, lost its validity," said Uffe Ellemann-Jensen.

Anker Jorgensen said that it was "pure nonsense," and the reason for his assertion was that the prime minister--according to the chairman of the Social Democratic Party--in his opening speech in October had said that the 3 May resolution was the basis on which the government was working.

The foreign minister said that this was an incorrect interpretation of Mr. Schluter's words and quoted the prime minister's words. "The prime minister



gave his account of the objectives for which the government will be working in accordance with the various proposals presented in the Folketing," Uffe Ellemann-Jensen added.

Anker Jorgensen subsequently asked the prime minister to explain what he meant by the words in his opening speech in which he said that the government will support a number of disarmament initiatives "in accordance with the adopted proposals." The prime minister did not, however, wish to speak.

The spokesman of the Radical Liberal Party, Arne Stinus, was not satisfied either with the interpretation by the foreign minister of Poul Schluter's opening speech, whereas Gert Petersen (Socialist People's Party) referred to it as a "crystal-clear speech."

The Social Democratic proposal in which the government was requested to pursue an active policy within the United Nations for relaxation and disarmament, referred to the comprehensive resolution of 3 May and proposed that a special 17-member committee be set up to study the Dyvig report, was adopted with votes from the Social Democratic Party and the Radical Liberal Party. The coalition parties, the Socialist People's Party and the Left-Socialist Party abstained from voting, while the Progressive Party and Ole Maisted of the Free Democrats opposed the proposal.

#### Forced by Parliament Majority

Copenhagen INFORMATION in Danish 15-16 Dec 84 p 1

[Text] Foreign Minister blames Folketing after NATO-meeting.

Foreign Minister Uffe Ellemann-Jensen (Liberal Party) admitted after the meeting with his colleagues in NATO last Thursday and Friday in Brussels that he had been "greatly tempted" to omit the usual Danish reservations in respect of the deployment of American intermediate-range missiles in Western Europe.

"In my opinion, it is particularly unfortunate in this situation that Denmark takes up a separate attitude because there is an extra need for solidarity among the NATO member countries now that the negotiations with the Soviet Union are starting," he said.

In his comments, which were distributed in writing to the press, the foreign minister writes that the NATO member countries with the exception of Denmark and Greece have adhered to the original two-track decision to deploy missiles in the West if the Soviet Union continued its large-scale deployment of SS-20 missiles.

"Denmark has maintained that in order to get the negotiations on disarmament started anew, NATO ought to refrain from deploying its intermediate-range missiles. NATO's strategy, however, has been successful. The Soviet Union

which has continued its armament, now accepts negotiations without prior obligations," Uffe Ellemann-Jensen writes.

"The message emerges from the said meeting that NATO wants agreements on disarmament and a check on nuclear missiles. However, it must be a mutual disarmament so that the Soviet Union will not again get a monopoly on the very dangerous intermediate-range missiles."

"These viewpoints are reflected in the statement contained in the NATO communique to the effect that NATO is willing to reduce or completely remove its missiles if the Soviet Union will do the same thing with its missiles--but that NATO will continue to deploy missiles in the West as long as the Soviet Union continues its armament."

Does not Want to Provoke

"Against the background of the proposals adopted by a majority in the Danish parliament, Denmark once more finds it necessary to make reservations in a footnote in respect of these NATO viewpoints."

Uffe Ellemann-Jensen says that the sole reason why he adhered to the footnote was that he did not want to provoke or interfere in the debate which has started in the Folketing and which he hopes will recreate unity on Denmark's security policy.

To the foreign ministers of NATO the foreign minister stated that, for well-known reasons, he was compelled to adhere to the Danish reservations with respect to the deployment of missiles in the form of a footnote and that he wants to ensure a good working climate in the committee set up by the Folketing a few days ago.

#### Conservative Paper Defends Minister

Copenhagen BERLINGSKE TIDENDE in Danish 16 Dec 84 p 14

[Editorial: "A Faded Footnote"]

[Text] Foreign Minister Uffe Ellemann-Jensen said that he felt greatly tempted to refrain from adding a Danish footnote to the communique from the winter meeting of the NATO council. That was an understandable temptation, for the statement from the NATO council was this time so positive and constructive and amenable to negotiations that all warm-hearted and cool-headed Social Democrats ought to be able to adopt it without reservations. The foreign minister, however, gained control of himself, and that, probably, was just as well. He is almost in the same situation as his American colleague, Secretary of State George Shultz, prior to the meeting in Geneva with Foreign Minister Gromyko: it is promising that personal contact has at long last been established with the opponent, but nobody knows in advance whether the talks will lead to anything, and one should not anticipate the results. This applies to the negotiations within the security policy committee of the Folketing as well as to the negotiations in Geneva. In both places it is only a question of initial steps.

It will be a question of negotiations on negotiations in Geneva, said Secretary of State George Shultz in Brussels, and it may be long before an agreement is reached on a procedure for a new system of disarmament groups. However, once too great expectations have become somewhat subdued, there may be room for some realistic optimism. The world has changed from what it was 12 months ago. Last year the Alliance was full of tensions because the East-West relations were full of tensions. The Soviet Union had broken up the meetings in Geneva, and the built-in ultimatum of the two-track decision expired at the meeting of the NATO council last year. Since the negotiations had failed, the decision on missiles had to be confirmed, and that was difficult but it was done. The decision to deploy missiles was an obstacle which had to be removed, and once it had been done, progress was made. In the course of the past year, President Reagan has managed to convince himself and his allies and the Soviet Union that, against the necessary background, he is more than ready to continue the negotiations or to carry on negotiations anew for an agreement to re-establish a strategic balance between East and West also in Europe and to keep the number of missiles deployed here at as low a level as possible. The meetings this week and last week among the defense ministers and foreign ministers of NATO have been smoother and more fruitful than in many years, and that is a good starting-point.

In view of this, a Danish footnote is, indeed, a source of annoyance, because it has become unnecessary and no longer has a purpose: since not even the Soviet Union considers the American missiles an obstacle to negotiations any longer, a Danish reservation with respect to the deployment of the missiles to improve the possibilities of starting negotiations is not particularly relevant. Then it is only a survival of obsolete problems. However, the time presumably comes when it will be possible to remove it as well.

#### Prime Minister 'Responsible'

Copenhagen AKTUELT in Danish 16 Dec 84 p 8

[Editorial: "Provocation"]

[Text] Foreign Minister Uffe Ellemann-Jensen is not smart enough.

And that is even putting it in a most friendly way.

In a statement which he issued after the NATO meeting in Brussels, he deplores the fact that he was compelled to take up a separate position right when "there is an extra need for solidarity among the NATO member countries."

The foreign minister has thus initiated a new and heated debate at a time when the Social Democratic Party has just demonstrated that the party wants to ease the situation, as far as the security policy debate is concerned. That not only is not very smart of the foreign minister. It is downright stupid. And it is in conflict with the wishes of his boss, the prime minister.

On the much discussed "footnotes," Poul Schluter says in his "glogg" talk with Anker Jorgensen, rendered in this paper, that the government saw to it that these "footnotes" were inserted "because it is our duty." And the prime minister adds that it is very important that the government and the Social Democratic Party do not lose contact with one another on this matter.

The prime minister is responsible for the foreign minister's foolish provocations. It, therefore, is Poul Schluter's duty to put Uffe Ellemann-Jensen in his place, so that he will understand it. However difficult that may become.

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CSO: 3613/60



## DANISH PRESS DELEGATION EXAMINES SECURITY, ENERGY, ECONOMIC ISSUES

## Copenhagen's Energy Rights Still Unresolved

Copenhagen BERLINGSKE AFTEN in Danish 23-29 Nov 84 p 2

[Article by John Wagner]

[Text] From 7 to 16 November a delegation from the Folketing press corps visited six West Greenland towns, including Nuuk/Godthab where the Greenland parliament was concluding a month-long fall session. The delegation visited a number of big firms, met with municipal councils, talked with cabinet members and followed parliamentary negotiations. One of the members of the delegation was BERLINGSKE AFTEN's Christiansborg correspondent, John Wagner, who gives his first situation report here. There will be more articles in December on Greenland's road from colony to home rule and what the development means for a country that is larger geographically than the 10 EC countries but has only 52,000 inhabitants, around 10,000 of whom are Danes.

"The colonial period is over. We now have home rule. And after New Year's we will start looking for oil. This is a fantastic development for us who have lived in the light of whale-oil lamps," said Greenland's "prime minister," parliamentary and government leader Jonathan Motzfeldt.

He was quite satisfied that 23 of the 25 members of the Greenland parliament supported an agreement on Monday, 5 November, between the governments of Greenland and Denmark that allows a Danish-American consortium to start exploring for oil in Jameson Land near Scoresbysund on the east coast of Greenland after 1 January.

The Danish-American consortium will consist of Arco Greenland, Inc., which is a Danish-registered subsidiary of the multinational oil company, Atlantic Richfield (Arco), Arctic Mine Company, Inc., which is a subsidiary of Nordic Mine Company, Inc. and a joint Danish and Greenland stock company to take care of public participation in hydrocarbon activities.

The stockholders in this last company will be the Danish state through the minister of Greenland affairs and the Greenland home-rule authorities, in other words representatives of the cabinet. The stock capital of the company, which has not yet been named, will be 25 million kroner.

Jonathan Motzfeldt thinks oil exploration in Jameson Land will start in the summer of 1985 and that 4 years after that the consortium behind the exploration will be able to decide whether to go on or stop operations.

The head of the government did not hide the fact that for a long time there has been skepticism among many Greenlanders with respect to oil exploration and that this skepticism still exists. In the first place many fear that the environment will suffer damage when airplanes and ships transport exploratory materiel to Jameson Land and when production starts on potential oil finds. In the second place a smaller number of people fear that if oil is discovered Greenland will end up as an Arctic version of Kuwait with the enormous cultural conflicts that material prosperity could create in the trapping and fishing communities on the east coast of Greenland.

"To start off with the consortium will investigate whether there is any oil in the area at all. If there is enough oil to start production, the conditions for doing so must first be established by the Greenland authorities, among others. The consortium must abide by these conditions and if we do not want any oil shipping in Scoresbysund Fjord, for example, then there will be no shipping," said Jonathan Motzfeldt.

The price for getting both the very leftist-oriented Inuit Ataqatigiit Party [pan-Eskimo party] and 10 of the 12 parliamentary members of the opposition Atassut Party [moderate, pro-Denmark party] to accept the oil exploration was the establishment of a special contact committee (with three representatives from the local population) to thoroughly acquaint the trapper families with the exploration plans of the Danish-American consortium. There are also very restrictive conditions for ship passage in the area and strict regulations on compensating the local population if there is environmental damage in the concession agreement.

#### Negotiations on Underground Resources

Now that parliament has approved the government's agreement with the Danish government exploration for oil can begin, but that does not resolve all outstanding "underground problems." On the contrary, one might say. Jonathan Motzfeldt says that "it is still an urgent matter for each Greenlander to formulate who owns our country." Taking some inspiration from a letter from SDP chairman and former Prime Minister Anker Jorgensen to the chairman of the Faeroese Social Democrats, former Premier Atli Dam, in which Anker Jorgensen promised the Faeroese separate initiative rights and control over utilization of underground resources, the head of the Greenland government feels that the time is ripe for a new discussion on the rights to Greenland's underground resources. Jonathan Motzfeldt said:

"The question should be discussed without people getting all worked up--and without destroying the national community. Can it be right that the Greenland affairs minister is in charge of granting concessions instead of the home-rule government? We think all the natural resources administration should be moved from the Greenland Affairs Ministry in Copenhagen to the home-rule government in Godthåb. Another problem we would like to discuss with the Danish government is the 'revenue division key.' It is not reasonable that Denmark wants to have the roughly 2 billion kroner Greenland receives in block subsidies in advance before any oil revenues are divided evenly. A reasonable division would be an equal share from the beginning."

In response to this, Greenland Affairs Minister Tom Hoyem said to BERLINGSKE AFTEN:

"The government would like to have the questions raised by Jonathan Motzfeldt discussed in the Joint Council with respect to mineral resources in Greenland. When it comes to transferring the natural resources administration to the home-rule government there are a number of practical problems, but let us discuss them with each other. With respect to revenue division, it is true, as Jonathan Motzfeldt says, that big revenues are needed before Greenland will have a share in any oil revenues--perhaps they would have to be too big. We are also willing to have an objective and unprejudiced discussion on that. We are not interested in gambling, we want to discuss these matters."

Director Roberto Kayser of Nordic Mine Company has said that (with the present state of knowledge about geological conditions in Jameson Land) they figure there is an 8 to 10 percent chance of finding oil in quantities large enough to make production profitable.

#### Details on Nuclear Zone Request

Copenhagen BERLINGSKE AFTEN in Danish 23-29 Nov 84 p 2

[Article by John Wagner]

[Text] Last week the Greenland parliament approved a formal statement to the Danish government that Greenland wants to remain free of nuclear weapons in peacetime as well as in wartime and times of crisis. But both before and after this resolution was approved, government leader Jonathan Motzfeldt of the ruling Siumut Party [socialist, radical home-rule party] made it clear that the government has no foreign and security policy authority and that in his opinion there is no alternative to Denmark's--and thus Greenland's--NATO membership.

The parliamentary debate was initiated by member of parliament Henriette Rasmussen of the leftist-oriented Inuit Ataqatigiit, who wanted parliament to support a resolution that was over a year old from the international Eskimo organization, Inuit Circumpolar Conference, ICC, which says in part:

"Arctic and subarctic regions should only be used for purposes that are peaceful and environmentally safe.

"No nuclear tests should be conducted and no nuclear systems should be located in the Arctic or subarctic.

"There should be no nuclear waste dumps in the Arctic or subarctic.

"Exploration for and production of uranium, thorium, lithium and other materials connected with the nuclear industry should be banned in our homeland."

Jonathan Motzfeldt said that discussions in the Greenland parliament about the uses and extraction of radioactive materials should be limited to conditions in Greenland.

"Statements about the positions other countries have taken on these matters will at best be regarded as an empty gesture and in unfavorable circumstances they could be used for the benefit of views with which we do not wish to be identified. And we cannot exclude the possibility that a very unequivocal stand on all aspects of this vast and difficult subject on our part at this particular time could have an unfortunate effect on the international efforts to limit the use of nuclear power for military purposes," the government leader said.

He pointed out that parliament previously rejected the idea of Greenland being used for military purposes, and especially the idea of the country being used as a launching site for an attack on other nations or having existing military facilities serving attack purposes.

"This resolution, which was communicated to the Danish government, is in itself a rejection of the use of nuclear weapons based on Greenland territory," said Motzfeldt, who continued:

#### Formal Statement

"I would once more like to recommend that parliament approve a formal statement that Greenland should remain free of nuclear weapons and that we therefore strongly oppose granting permission for the deployment of nuclear weapons or launching systems for nuclear weapons on Greenland territory and feel that flights and sea passage through Greenland air space and ocean territory by nuclear-armed platforms should be prohibited."

But the government leader stressed: "Parliament must realize that such a statement has to be coordinated with the overall foreign and security policy of the national community, but we can ask the Danish government to include the statement from our parliament as a factor in deliberations in these areas."

Jonathan Motzfeldt told us that these statements contain clear respect on the part of the Greenland government for the fact that it is the government in Copenhagen that must decide on foreign policy.



"And there is no change in our parliament's position on NATO membership. We are living with it and accept it as a necessity due to our geographical location," the government leader added.

The opposition leader, member of parliament Otto Stenholdt of the Atassut Party, said in the debate that he agreed with Jonathan Motzfeldt. Henriette Rasmussen, who started the debate, said that "the statement to the Danish government will have an encouraging effect on the work of the peace movements."

Greenland Affairs Minister Tom Hoyem said of the parliamentary statement:

"Of course it will be included in the government's considerations of how we--in accordance with the resolutions passed in Folketing, for example the resolution of 3 May--can work actively to insure that Denmark, and thus Greenland as well, can remain free of nuclear weapons. But I am glad that Jonathan Motzfeldt has so clearly underlined the point that Greenland's foreign policy is determined by the Danish government and that he does not see any alternative to NATO membership."

#### Severe Unemployment Problems

Copenhagen BERLINGSKE AFTEN in Danish 23-29 Nov 84 p 2

[Article by John Wagner]

[Text] In most Greenland cities unemployment is higher than it is in Denmark--especially in the wintertime when the unemployment percentage in towns with fishing industries can go as high as between 30 and 40 percent. But Greenlanders--including what we in Denmark would call leftist politicians--have a somewhat different view of unemployment than that held by most Danes.

In Jakobshavn on Disko Bay--an enterprising fishing town with two big shrimp factories and a large production of halibut fillets--employment changes in step with the purchase of raw materials. In the summertime the Royal Greenland Trading Company's shrimp factory employs up to 230 people and the private factory hires around 100. In wintertime, when ice blocks ships from entering Jakobshavn, the employment figures are 60 and 50 respectively.

Thus several hundred fishermen and people employed by the fishing industry are out of work for months at a time, but, as the town's Siumut deputy mayor, Mikael Eriksen says, "as politicians usually say, no one is unemployed, there are just some people who don't want to work."

Mikael Eriksen said that the "so-called unemployed" can, like so many others, build a sled and get a dog team and then drive out on the ice and catch halibut in the wintertime.

"There are many young Greenlanders who have lived in Denmark who come to the municipal authorities here and ask for assistance, because they learned in

Denmark that that is all one has to do. I say they can go out and find some work," said Mikael Eriksen.

Nonsense

Greenland's "social affairs minister," the cabinet member in charge of social affairs, Arqaluk Lynge, who is chairman of the leftist-oriented party Inuit Ataatigilt, said in response to Mikael Eriksen's statements:

"One cannot draw things in such a black and white way. That is nonsense. Some of the cities have unemployment rates that are between 30 and 40 percent. A great many young people are out of work because we lack training openings and dormitory space. But on the other hand it is also the government's view that instead of using all our money on high unemployment payments we should use a lot of energy and money to create new jobs. Thus it has now been decided that Egedesminde, which has Greenland's highest unemployment rate, will get a shrimp factory and a soft drink plant."

Unemployment compensation in Greenland--or rate assistance, as it is called--is a chapter in itself. As Arqaluk Lynge put it:

"It is not without reason that the daily stipend discussion in Denmark has amazed people in Greenland."

The practice is to give young unemployed people who are living at home 100 kroner a week--repeat, 100 kroner a week--in compensation. Union members who have worked 260 hours in the last 13 weeks get up to 60 percent of their hourly rate of 42 kroner. It should be noted that the payments are tax-exempt. The maximum limit for rate assistance is 149 kroner for heads of families and 99 kroner for others per day. There are also some opportunities to get housing subsidies but no grants for heat and electricity expenses, which are higher in Greenland than in Denmark.

Arqaluk Lynge hopes to pass a compensation reform in 1985 which would shift administration of unemployment payments from the home-rule government to Greenland's only trade union, SIK [Greenland Workers' Union] and he feels that in this connection there could be "some improvements" in the rate payments.

#### Significance of Nuclear Resolution Discussed

Copenhagen BERLINGSKE AFTEN in Danish 23-29 Nov 84 p 2

[Commentary by John Wagner]

[Text] Last week ATUAGAGDLIUTIT/GRONLANDSPOSTEN wrote when a delegation from the Danish Folketing press corps was visiting Greenland that "visits from

journalists on an occasional basis result in a heavy brew of problems with harsh ingredients like alcoholism, violence, murder, suicide, venereal diseases, hatred of Danes, etc."

The editor in charge of GRONLANDSPOSTEN, Jorgen Fleischer, also wrote that "knowledge of Greenland still leaves much to be desired in Denmark, even though people have gradually grown out of believing myths about stray polar bears walking down the street in Greenland" and that "more realistic knowledge is very important if the national community is to function as planned."

There is no doubt that Greenlanders--and Danes in Greenland too--are right in being dissatisfied with the treatment they have received in the Danish press for a number of years. There have been countless imaginative and sometimes downright unbelievable accounts of the extent of Danish hatred, violence and alcohol abuse. In addition there have been editorial articles, especially in MORGFNAVISEN JYLLANDS-POSTEN, whose contents could be misunderstood in Greenland. And have been.

But--and there is a but--there is no smoke without fire. It is evident that the Greenland community--unfortunately--has cultural, social and economic problems that seem insurmountable at first glance. But it should also be emphasized that Greenland politicians, whether they belong to the "government parties," Siumut and Inuit Ataatiguit, or the opposition party, Atassut, have an admirable and one may hope contagious belief that the problems can be solved and that they can be solved quickly.

But it seems hazardous--at least to an outside observer--that the government coalition and thus the home-rule authorities intend to take over the entire Royal Greenland Trading Company (KGH), the Greenland Technical Organization and the natural resources administration, which now come under the Ministry of Greenland Affairs, as quickly as possible. Especially since there have been more problems in taking over the production and export enterprises of KGH by 1 January 1985 than even the biggest pessimists among the Greenland politicians had predicted.

It might benefit the Greenland community if the home-rule government put off the takeover of some things until one of Greenland's strong men, the cabinet member for business affairs, former Danish Folketing member Lars Emil Johansen, is sure that the local authorities are able to run KGH's production and export activities.

It is impossible to say that the Greenland community is severely handicapped because it lacks Greenland academicians. The entire administration apparatus functions on the basis of Danish premises. And it is a paradox that the number of Danish academic people in Greenland in particular has increased sharply as the local authorities have taken over more and more duties. To put it differently, there used to be a lot of Danes who sat in Copenhagen and ran things in Greenland. Now the Danes are sitting in Godthab. That is a small step forward, but the goal must be that Greenlanders themselves learn how to handle the administrative apparatus.

In this context it is disturbing that a majority of the Greenland parliament recently approved cutting the training of Greenland teachers from 4 to 3 years and placed a low priority on Danish instruction in the elementary schools. That form of Greenlandization is an untenable way of educating more Greenland academicians in Denmark, which is the prerequisite for democracy in Greenland on Greenland's own terms.

Denmark should also be vitally interested in having Greenlanders get what they want--as long as that does not jeopardize the national community, including the absolute acceptance by the Greenland parliament of Denmark's membership in NATO. With its geographical location Greenland has such an important security position that NATO's defense strategy would break down if the national community was dissolved and there were doubts about Greenland's foreign policy.

Therefore it felt good last Wednesday to hear Greenland's "prime minister," government leader Jonathan Motzfeldt of the Siumut Party and opposition leader Otto Stenholdt of the Atassut Party both stress that Greenland's foreign policy is determined by the Danish government and that there is no alternative to NATO membership in their opinion. So we can perhaps excuse the fact that on the same day they and their parties jumped on a sudden motion from the very leftist-oriented Inuit Ataqatigiit Party to inform the Danish government that Greenland wants to have no part of nuclear weapons in peacetime, wartime or times of crisis.

The Danish Folketing is and will continue to be the body that determines foreign policy for the entire Danish commonwealth. And Greenland Affairs Minister Tom Hoyem can calmly file the Greenland parliament's declaration that Greenland should remain free of nuclear weapons where it belongs, namely in the drawer with many other strange and contradictory resolutions which the Social Democrats--since the change in governments in 1982--have passed on Danish security policy.

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CSO: 3613/46



## SOCIALIST PARTY TRYING TO TOUGHEN IMAGE AFTER ELECTION SETBACK

## Sorsa Attacks Conservative Party

Helsinki HELSINGIN SANOMAT in Finnish 22 Nov 84 p 9

[Article: "Sorsa Lashed Out at Conservatives, Liikanen Chastised Center Party and Swedish People's Party"]

[Text] On Wednesday in the SDP party council Social Democratic Party Chairman and Prime Minister Kalevi Sorsa lashed out in strong language at the Conservative Party and its chairman, Ilkka Suominen, who according to Sorsa is promoting national dissension.

SDP Secretary Erkki Liikanen, on the other hand, in accordance with the division of labor in the Social Democratic leadership criticized the SDP's ruling partners, the Center Party, for its profuse enthusiasm and the RKP [Swedish People's Party] for its reactionary attitude. Liikanen evaluated the SMP [Finnish Rural Party] to be merely nervous.

Sorsa and Liikanen criticized the neighbor parties -- except for the Communists -- at a 2-day meeting of the SDP's party council, which began on Wednesday at Helsinki's Workers' House.

The SDP rank and file, who came to the first meeting of the party since the party congress last summer, longed to restore the party to its ideological roots in order to regain the traditional constituency lost in the municipal elections.

The party rank and file conducted an exceptionally concentrated political debate in the council, in which it was demanded of the party leadership that it adopt especially courageous stands in policies, raise the party's profile in government, and distance itself from the role of administrator of the state.

A stricter Social Democratic policy is being promised since according to Party Secretary Liikanen the SDP will commence a political campaign aimed at the spring 1987 parliamentary elections 2 years from now immediately after the compilation of next year's state budget.

Liikanen demanded that the party establish definite goals, for which it is even ready to meet defeat. It is necessary to raise the self-confidence of

the party's own rank and file and abandon the role of the eternal apologist, emphasized the party secretary.

Liikanen considered the prevailing media atmosphere to be negative for the SDP, but assumed it to be a counterweight to the key position for making the SDP's own organizational machinery more effective and improving the Social Democratic press.

In the opinion of the party secretary, the press has abandoned its liberalism, which will soon result in a tough bourgeois hegemony. Liikanen took his hat off to President Mauno Koivisto for challenging public opinion with his statement of accusation, for example.

Liikanen also took a stand on the current debate concerning broad joint understanding or a consensus policy, which according to him is like a marriage which is kept together for the sake of the children.

The party secretary warned the party against becoming identified with a consensus policy in such a way that the party's own objectives would be forgotten. If there is a desire to be a movement of the people, risks must be taken, said Liikanen and added that the party must even be prepared to go down in defeat for its objectives.

#### Government Situation Not Very Good

Liikanen did not consider the government's present situation to be very good. The leader of the Social Democratic Party machinery criticized the party's own ministers for excessive identification with the government.

According to Liikanen, the Center Party in striving to recover from its election success has exhibited such profuse enthusiasm of the kind the SDP has never exhibited even after its biggest victories. Quoting Friedrich Engels, Liikanen said: "Megalomania can result in irresponsibility".

In addition to the Center Party's enthusiasm, Liikanen was irritated by the RKP, which he called the government's republican, its reactionary force. As an example of "the uncritical manner of the Finnish-language press" in treating the RKP Liikanen cited party funding, which "the RKP's minister delayed 5 years and when I intervened, an accusation of covering up a crime was presented" There is not even the slightest sense or reason in this, said Liikanen.

Liikanen adopted a more understanding attitude toward the Rural Party, in which he thinks there is a rather considerable case of nerves. He gave praise to Pekka Vennamo, but he considered that Veikko Vennamo has made government cooperation more difficult with his tricks.

#### Mutual Understanding and the Conservative Party

Chairman Sorsa emphasized that next year a reform meaning a flexible retirement age will be put into effect. It is a matter that has been definitely agreed upon and elaborated and we will not permit any obstructions to it, as

has been indicated by recent intentions of the Center Party, stated the prime minister.

The improvement of the Center Party's cherished dental care plan can according to Sorsa begin when the necessary reports are made together.

The chairman of the SDP emphasized the importance of mutual understanding and compromise for the economic and political development of Finland and berated the Conservative Party for the fact that its chairman, Ilkka Suominen, does not even intend to cooperate on the basis of recent statements made by him.

Sorsa praised Harri Holkeri's policy in the 1970s and considered that Suominen wants to direct a party whose objective is national dissension.

Sorsa's government is currently negotiating a budget agreement with the left-wing opposition in parliament. In Sorsa's opinion, "our constitution, for example, makes the opposition groups responsible for a part of the content of next year's budget".

#### Basic Constituency Apathetic

Sorsa also expressed concern for the October municipal elections and the setbacks suffered in them by the SDP. The SDP received 24.7 percent of the votes in the elections, which represents an almost 1-percentage point decline from the previous elections.

According to Sorsa, "a citizen and individual party member living in the confusion of social information made up of fragments of fact and fiction" can hardly be expected to feel that even his own party organizations are close if the organizations do not seem to need people.

Sorsa believes that the basic constituency of the SDP has become apathetic in elections for these very reasons. In the opinion of the SDP's chairman, one can see in this "a hint of protest against the kind of policy making into which the SDP is being pressured from all sides".

The advancement of the party and the cause of public groups close to us is drowning and is being drowned in that responsibility which is being imposed on us for turning the wheels of social machinery, for managing a gray administration, stated Sorsa.

The meeting of the SDP's party council will conclude today, at which time public policy statements will be made.

#### Stronger Role in Governing Coalition

Helsinki HELSINGIN SANOMAT in Finnish 23 Nov 84 p 11

[Article by Janne Virkkunen: "Social Democrats Decided to Harden Line"]

[Text] At its meeting of the party council, which concluded on Thursday in Helsinki, the Social Democratic Party approved decisions by which the SDP will

begin "to tighten and clarify its objectives and harden its position in government and parliamentary policy"

The hardening of the party line has been seen as necessary since "the party's aspirations have not always been sufficiently detached from the compromise decisions that have been made". Government and labor market policy has not always satisfied the Social Democrats, says the SDP.

According to the stand taken by the party council, the SDP is demanding that the ruling front give united support to the passage of the state budget in parliament. The SDP also considers it desirable that the opposition support "a constructive parliamentary treatment of the budget".

The SDP is quickly hurrying to support the government's proposals for constitutional reform, for planning and construction legislation, and for legislation concerning the protection of waters and falls. The SDP is demanding immediate decisions on the cable television proposal.

The party council continues to demand a forceful increase in the construction of rental housing as well as an increase in basic repair funds. The Social Democrats have declared that they place much value on the high level of social services and will oppose any attempts to commercialize services.

In its stand the SDP supports the accelerated enactment of legislation for a flexible retirement age and is demanding that the government "finally present a proposal for increasing public information on the funding of political activities".

#### Language Dispute Regrettable

Parliament should increase development cooperation funds "in a significant manner" in connection with the budget debate in the opinion of the SDP.

The SDP's party council considered it regrettable that "certain political quarters have demonstrated an intolerance in their attitude toward Finland's Swedish-speaking minority".

The circumventively given criticism is directed at its ruling partner, the SMP, and the chairman of its parliamentary faction, Veikko Vennamo, who has continually attacked Finland's Swedish-speaking citizens.

In the opinion of the SDP, ill considered outbreaks against the privileges of the Swedish-speaking minority forget the fact that a significant portion of the Swedish-speaking people is comprised of wage earners, small farmers, and fishermen.

The accusations in and of themselves disrupt harmony and cooperation between the language groups and the SDP cannot approve of them, stated the party council in its stand.



## Increased Speed After The Defeat

The Social Democrats announced on Thursday at a meeting of the party council with as much authority as possible that they have not been "completely satisfied" with government and labor market policy.

As an expression of its dissatisfaction the party council, which exercises the highest authority in the party between party congresses, adopted decisions to clarify and harden SDP policy. The execution of the decisions will fall to the party's executive committee and the government faction, the greetings of the rank and file being directed to the latter in particular.

The decisions of the Social Democratic Party speak to the fact that tensions are deliberately being introduced into the government in the same manner as the government's center factions did in January of this year.

At that time the Center Party, the RKP, and the SMP angered Prime Minister Kalevi Sorsa and other Social Democrats by declaring that they make up the government's majority (9--8) and by proposing a nine-point program of objectives.

The goal of the Center Party's operation was to quite simply point out its existence and the fact that when they were forming the government they announced that they are the government's non-Socialist majority.

Cooperation among the center factions has progressed quite well in government questions since the declaration of their position in January. The parties have also continued to conduct mutual joint meetings. The Center Party seems to bear a grudge only because of the fact that the SMP tends to align itself frequently with the Social Democrats in appointment policies.

With their joint declaration the center factions also wanted to eliminate the Sorsa stamp on the government and raise, as the matter is fashionably stated, their profile.

The idea turned out to be good since among the centrist parties the Center Party and the RKP fared very well in the October municipal elections. The SMP also succeeded reasonably well.

On the other hand, the Social Democrats experienced an election defeat by remaining 0.7 percentage points below the 1980 municipal elections and 1.9 percentage points below the 1983 parliamentary elections.

In light of this it is no wonder that even the Social Democrats are declaring themselves to be among those parties which will raise their profile.

The intent is to begin the promotion of a new government line next year once the state budget has first been pushed through parliament. Only then will it become evident as to which issues the SDP will raise. The Center Party will reveal its own cards at the end of the week at a meeting of the party delegation in Kouvola.

## Hands Are Tied

Even though raising one's profile is an understandable objective for the SDP, it is not an issue without problems for the party. The SDP is the country's largest party and it has the most government ministers. The Social Democrats also make up the largest faction in the trade union movement. The SDP's hands are in many ways tied to the governing of society and to the practicing of a broad mutual understanding, a consensus policy.

At the same time that consensus has produced good results on a nationwide scale, it has clearly begun to undermine the SDP's constituency's faith in the party's ability to deal with questions important to party supporters. As a party the SDP has had to pay for power and responsibility.

In spite of its dissatisfaction, the SDP did not even now renounce its policy of cooperation. The SDP says that it has found broad cooperation to be more positive than the path of conflict.

The planned raising of the Social Democrats' profile will encounter some colorful moments in government policy next spring. In spite of the domestic policy struggle, nothing, however, points to the fact that the government's foundation would be in any kind of danger.

## Fight Over Sorsa Succession

Helsinki UUSI SUOMI in Finnish 4 Dec 84 p 3

[Commentary by Ilkka Juva]

[Text] The results of the municipal elections liberated the policies of the Center Party and the Conservative Party, but caused anxiety in the Social Democratic Party. The SDP is becoming society's underdog. In this situation the SDP is becoming more and more a prisoner of its own success. It is less and less a living party. It is increasingly an extension of the government, the general staff of state power.

The SDP's leadership, most recently the party council, promises to harden its line, but the artificial choice of the "administrator of the state" seems to be hopelessly insignificant. Chairman Kalevi Sorsa's indisputable position as statesman consoles every Social Democrat. Therefore, much is forgiven with respect to the content of policy. But what will happen when Sorsa resigns from the chairmanship as he has promised a little less than 3 years from now. If he resigns...

The Social Democrats rose to their present greatness in the 1966 parliamentary elections. After that, factors affecting the political environment have changed decisively also changing SDP policy. A left-wing majority took over parliament in the 1966 elections. Society was becoming thoroughly politicized.

Now the total support of the left wing is in a permanent decline, and party policies have decisively lost their credibility. And because of its position,

the SDP does not exactly have the opportunities for adapting to the new age. The party's only answer is to put its concepts and ideals in moth balls and commence a party struggle.

Party Secretary Erkki Liikanen has described the SDP's position by an extraordinary comparison with a goalkeeper or with the best defensive player. Liikanen's hope for the offensive position on the play field of society has not been fulfilled.

The SDP's ruling partners say that the result of the budget negotiations between the parliamentary factions of the ruling parties is a timely example of the party's defensive position: -- the SDP did not get anything.

Even many of the Conservative Party's MP's, who are frightened by the SDP's superior position, are of the same opinion.

The indisputable fact is that the SDP is the minority in the government except for a few personnel appointments. And when one realizes this, one can even see why a consensus on the income policy is such an important issue for Sorsa.

#### Vital Consensus

The income policy has been and continues to be a strong card for the SDP. When agreement is reached between the corporations and the government over and above democratic issues, the SDP's party emblem is behind so many names of people concluding such agreements that Sorsa's favorite concept of "the stable direction of Social Democrats, but small steps" becomes a reality.

Thus it is no wonder that harmonious Finland's other ruling party or the Center Party has joined the ranks of those criticizing the income policy consensus.

"Consensus thus requires a new content which does not mean that the policy of mutual understanding should be abandoned. It only remains to be seen whether a stop will now be put to the growth of corporate power and whether the responsibility of parliamentary forces will be emphasized in the management of affairs," writes SUOMENMAA, the chief organ of the Center Party (27 November 1984).

#### Disappearing Illusions -- Tied Hands

In this country every party is envious of the SDP. It is overwhelmingly the largest party and its support is stable. But, nevertheless, they are dissatisfied in the SDP.

During Sorsa's term as party secretary, opinion polls showed more than 30 percent support for the party. A portion of the votes were not forthcoming in the elections. They probably went to the Conservative Party. During Liikanen's term as party secretary, the first test was Mauno Koivisto's election as president. Liikanen "was able to destroy" -- as the opponents said maliciously -- a 43.3-percent support in the electoral elections to a 26.7-percent sup-

port in 1 year in the parliamentary elections. The illusions of support have thus not become a reality.

They are also envious of the SDP for the reason that the party indisputably has the best group of experts at its disposal. However, the party's problem lies in the fact that the experts are the very custodians and "goalkeepers" whom the rank and file has risen to oppose.

At the June party congress in Lahti Pentti Holappa stated that the SDP is a stranger to the intelligentsia and the intelligentsia is a stranger to the SDP. The party is overflowing with rational people, but according to this there is no creative thinking there.

Liisa Jaakonsaari, an opposition oriented MP, put the same thought in words: "power protects itself -- new ideas are born there where there is nothing to lose".

Generally, the conclusion has been drawn that the SDP has had to pay a lot for its power as a movement representing its supporters.

"Topple Center Party's Cream Pitcher"

"The SDP is as unanimous as the soul will allow," declared party leader Sorsa at the party congress (7 June 1984) and he was right.

Mauno Koivisto and Kalevi Sorsa have spoken from a "wounded soul". In addition to the Holappas and Jaakonsaaris, Erkki Tuomioja, Reino Paasilinna, Matti Louekoski, and researcher Risto Kolanen, for example, who together with Juhana Vartiainen and Niilo Jaaskinen painted a sarcastic political likeness of Sorsa in SOSIALISTINEN POLITIIKKA, can be mentioned as such wounds or at least as small sores.

Each one of them has his point of view. Paasilinna and Louekoski have berated the consensus policy. Tuomioja has demanded that the SDP go into opposition. In a recent issue of KUVASTI Kolanen accuses the SDP of concealing its objectives and ideals while being satisfied with reflecting the imagined goals of the average voter.

"The decisions of the party congress -- the nationalization of the banks and insurance companies from 1975, enterprise democracy, constitutional reform, among other things -- are 'forgotten' when efforts are made to maximize support," says Kolanen.

Paasilinna, for his part, demanded that the SDP jump on the table and kick over the Center Party's cream pitcher.

The Taste of Essence

The "coup" desired by the rebels has not come about. The party leadership has attempted to make its countenance stricter, but there is the taste of an insipidly sweet essence in the broth.



Outbursts of annoyance to the press for concentrating on personality journalism instead of issues are lame. The SDP itself presents an image of itself by means of personalities. The statesman Sorsa, the old and stable Veikko Hele, the social radical Vappu Taipale, and the sharp-witted Liikanen stand arm in arm in election announcements... The voter can choose which paper doll he wants to dress in Social Democratic clothing.

The anger directed at the Conservative Party is just as transparent. The SDP has kept the Conservative Party in opposition for a long time with contradictory arguments. No one believes that the Conservative Party would be a promoter of "national dissension" in this setting. It is only a question of competing for the same voters.

Even Sorsa's reproaches to the party's Helsinki District Organization for a poor election showing seem strange. Sorsa accused the district of breaking away from the mother party. The fact is that Sorsa himself refrained from participating in the work of the party executive committee if the desires of the Helsinki District are not accomplished and Erkki Tuomioja is not elected to the committee.

#### "The Boys Are Already in The Running"

The next few years will not be easy for the SDP even though there is no outside threat to the party. It cannot really change its policies. The party leadership has not even even considered an opposition alternative.

Preparations are being made for a change of power by the same path in the party. Sorsa has announced that he will resign from the chairmanship at the next party congress. Indeed, it is being rumored that the uncompleted reform work of the party platform may keep him in office.

It can be assumed that Sorsa will not be allowed to leave party work, but competition for the chairmanship is, nevertheless, already in full swing. The SDP's "boys" are running abreast. Matti Ahde is being supported by the strong organization of the TUL [Workers' Sports League] and the "image of people's politics". Erkki Liikanen is directing the party machinery as an effective manager.

From both their points of view it is problematical that they are, in fact, only by-products of Sorsa's power. Sorsa is like a medieval pope who has declared that he is the sun which temporal princes reflect in the manner of the stars.

Vice Chairwoman Pirkko Tyolajarvi and MP Paavo Lipponen, the new leader of Helsinki District, are far more independent competitors.

Time will be an essential factor in this competition. The longer the competition, the more tired Liikanen and Ahde will become, Tyolajarva will become fed up, and Lipponen will have time to gain distinction.

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CS0: 3617/44

## ANONYMOUS CFDT MEMBERS WRITE CRITICAL PAMPHLET

Paris LIBERATION in French 27 Nov 84 p 13

[Article by Eric Hassan: "Pancho Villa Has Come Back to Life in the CFDT"]

[Text] An anonymous group of CFDT [French Democratic Confederation of Labor] members, signing themselves as "Pancho Villa," has published a scathing document criticizing the internal running of the CFDT. Pancho Villa also criticizes the leftist minority faction from which it originates.

"Loyalty to the organization is what binds the CFDT together (...) That daily ritual is even more important now that the CFDT policies are ineffec-  
tive, at a time when the union headquarters are packed tight at the top while becoming increasingly deserted downstairs. Anybody who deviates from the official policy line, for whatever reason, is dismissed (...) The leaders of union branches no longer work to resolve problems but to silence any member, man or woman, who raises questions.

Under the pseudonym of Pancho Villa, the signatories of this anti-CFDT pamphlet have set out to oppose Edmond Marie, "the accommodator." All of them are members of the CFDT and until now they were alined with a minority faction "which favors another tradeunionist action." While there was never a lack of internal criticism within the CFDT, that criticism has seldom been voiced in such strong, disenchanted and even desperate terms. The text consists of three typewritten pages run on a duplicating machine, dated 22 November and headed "Letter from Within the CFDT: the Inside from the Outside" as if those who write it already had a foot out the door.

The document is a call for help addressed to CFDT activists who "sometimes fall apart. People then are surprised, they wonder what happened, but forget to ask them why did it happen. There is a crisis, a void. There is the sadness of feeling that the ground is giving way beneath one's feet. There are the empty halls of the new union building."

After pointing out that while "the union movement remains the institution representing all salaried workers" yet really "only organizes a quarter of these workers," Pancho Villa challenges the analyses drawn by the CFDT on

the issue of flexibility. According to the dissidents, the course of action followed by the CFDT "barely conceals the means which allow management to better manage its human herds but certainly not to hire workers."

The argument about flexibility--or lack of it--illustrates the importance of the internal debate taking place within the unions although the only expression of disapproval contained in the arguments used by Pancho Villa is for the accolades given to the CFDT leaders by the CGC [General Confederation of Managerial Personnel] and by the body of employers for the "courage" they have shown in acting "against the wishes of their rank-and-file."

The same applies to the wage policy. The anonymous authors report the malaise felt by many activists and mention that "in a period of 2 months the CFDT's Executive Committee has come out with five or six different proposals on the question of the purchasing power."

But the main criticism is directed against the internal running of the CFDT. Whether referring to the confederation, the federations or just the unions, Pancho Villa makes an indictment against the inadequate way in which the CFDT is run. "Most of the activists are forced to face the following dilemma: either to discuss inside the organization set topics arbitrarily selected at the top knowing that, in any case, they are wasting their time, or else to hold a debate outside the established framework at the risk of facing expulsion or being set aside."

Pancho Villa also launches against the "personal ambitions" of some CFDT members, ambitions which, in his view, are the result of the "institutional" nature of the CFDT. "And what is even worse" is that in some bodies which are not named "the centers of debate and decision are nothing but two-way mirrors. Behind them stand the big shots controlling, making suggestions and the final decisions."

The dissidents go on to justify their objective: "Will the day come when we raise the problem of the activists from the public sector who do not work hard in their enterprises, who do not answer to anybody and who, on the basis of time available, have monopolized every mandate of representation?" This accusation is directed against the ASSEDICs [Association for Promotion of Employment in Industry and Business].

Several examples are given: a departmental congress "where it is hard to know who is in charge at the committee meeting..." A union branch of an enterprise in Lorraine which discovers that the local union's newspaper is funded by the management of that company; a labor federation where one member of its permanent staff is paid by an employer...

Equally strong criticism is levelled against the unions representing the banks of Paris which opposed an amendment attempting to achieve a fairer distribution of CFDT funds to the advantage of small unions lacking resources. Repeated jabs are directed against the civil service union branch of the CFDT or against the Paris Regional Union (URP). In a nutshell, "at present the CFDT is like the Senate. Nobody cares about its members. The organization is in the hands of the bigwigs. When should we expect a congress of grand electors as they do in the Senate?"

A question remains unanswered: whom does Pancho Villa represent? A small group from a very small faction inside the CFDT and which, to quote one of its members, is "shrivelling away," yet it is indicative of a profound malaise.

Until now, the non-conformist members were critical of the CFDT in matters of substance chiefly reflecting their ideological differences. That group of members from the "extreme left" now signing themselves as "Pancho Villa" is speaking out perhaps in the hope of enlarging its audience by being the first to question the way in which the CFDT operates with a softer approach and the "archaic nature" of the leftist movements.

Is this a coincidence? Operation "Pancho Villa" comes at a time when Edmond Maire himself is also dropping the debate on social issues which has been so prolific in the history of the CFDT. Last Thursday, speaking on French Television Channel 1, the secretary general of the CFDT said that "the dream of 1981 has turned into a mirage. It was not a dream but an illusion." Enter the "realism" of survival. Edmond Maire told Anne Sinclair: "The union movement is an endangered species (...) and like the diplodocus it is in danger of disappearing." In the same line of thought, Pancho Villa wonders: "Can the labor movement rise again from its ashes..."

Every individual has his own way of facing the identity crisis of the labor movement; a crisis which is all the more acute because for the last 2 months people have known about the "doubts" expressed by the CFDT and its lack of a firm strategy. This explains perhaps why opinion polls to determine how much people trust their union leaders show that their trust in Edmond Maire has dropped by 10 percent in one year.

Pancho Villa, in contrast with the Mexican revolutionary of that name<sup>1</sup>, does not seem to be thinking of joining another labor organization. In the view of the authors of the anonymous pamphlet, "the labor movement is completely adrift. The CGT [General Confederation of Labor] is selling out its old combative spirit, the FO [Workers' Force] its old values, the FEN [National Education Federation] its secular monopoly and the CGC [General Confederation of Managerial Personnel] its elitist corporativism..." Conclusion: "We have no interest at all in further supporting solidarity with institutions which are suffering from a crisis of representativity." Now the future of Pancho Villa will depend on its ability to attract to its ideas those who are dissatisfied with the labor movement. When attempting the impossible, the sky is the limit.

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<sup>1</sup> Pancho Villa (1878-1923): Mexican general and revolutionary. A kind-hearted bandit who served under Madero against P. Diaz. Lifelong rebel, he switched from one party to another until finally, in 1920 he pledged allegiance to the government and was assassinated 3 years later. (Petit Robert)



## SOCIAL POLICIES SEEN AS CONSERVATIVES' 'ACHILLES HEEL'

## Poll Confirms Voters' Attitudes

Oslo AFTENPOSTEN in Norwegian 24 Nov 84 p 3

[Article by Bjorn Talen: "Social Policy Willoch's Achilles' Heel"]

[Text] The ground is heating up under the government parties. The voting majority believes that the most important issues on the political agenda will be taken care of best by a Labor Party government. That especially applies to everything that has to do with social policy. The nonsocialist government will only be preferred when it comes to less important issues such as inflation, tax reductions and fighting bureaucracy.

This comes from a large opinion poll that Gallup/NOI has conducted for AFTENPOSTEN. People were asked which issues are most important for their party votes, and what kind of a government they would prefer to take care of their individual problems.

The results were of little encouragement for the sitting government. Right or wrong, the impression has clearly been created that the Labor Party is the best able to take care of all kinds of social problems. The government's robust demonstration of increased budget amounts and greater efficiency in the health and social sector has hardly made an impact. Previous polls have also shown that this is the government's, and especially the Conservatives', Achilles' heel. The opposition has noted this, and includes it in one thrust after another. Today's poll indicates that health policy can be the government's fatal wound if there are not drastic changes, both in the measurable results and in their marketing.

The government is now "winning" a number of areas. But not only are they issues that the voters place at the bottom of the list--the margins are also surprisingly small, and can not compensate for the Labor Party's large advantage in the most important issues. Confidence in the government parties is high when it comes to inflation and the fight against bureaucracy, but tax

policy gives a poor payoff. Even among the voters of the Progressive Party, there are only 59 percent who would prefer to see the tax policy watched over by a nonsocialist government.

In other words the main attraction of the government parties is about to fade, at the same time as they are not ready to improve the act which has received the worst criticism. Such a performance is in great danger of being taken off the stage.

#### Social Purposes for the Economy

Social policy questions are in a special class which people believe is the most important for their own party election. Voters in all parties believe that, except for the Progressive Party. There they believe the economy and employment are at the top. Also people with high income and education believe that social policy is the most important. Only 2 percent of those asked count increased foreign aid as one of the three most important issues included in the investigation.

The subject of the interview was given a list of 10 political issues and was asked to name the three issues which were most important for his choice of a party in the next election. Social security and better health care were both named by half of those questioned, and thereby came into a special category. Next came employment and training for the young, and care for the elderly which were named by a good third.

In the next group came the more economic questions and defense/peace. These issues were named by between 20 and 30 percent of those questioned. Fighting the bureaucracy was named by only 11 percent, and increased foreign aid was decidedly last with 2 percent.

Men and women assign priorities somewhat differently, but the outcome is not dramatic. When it comes to social security and justice there is no significant difference, while health care, care of the elderly and better possibilities for the young are issues which mean more to women than men.

Taxes, the economy and employment, and bureaucracy on the other hand seem to be more important for men than for women. Inflation and peace/defense were mentioned equally often by both sexes. It also appears that inflation does not have the importance for women that it did previously. Household expenses have probably become a more combined affair as a result of the equalization process.

Neither does age mean much for prioritizing of issues, but the youngest are relatively more concerned with economic issues than the older. That can perhaps be a little comfort for the nonsocialist side in this deplorable poll. Or else the young are just naturally concerned over their own situation. Fully 47 percent of the people under 30 named better possibilities for education and jobs as one of the most important issues, and on 18 percent mentioned care of the elderly. Corresponding figures for those over 60 were 23 and 52 percent.

In all parties except for the Progressive Party, either social security, care for the elderly or better health care are placed at the top of the list. Voters of the Progressive Party believe that inflation, taxes, sound economy and jobs and fighting bureaucracy are more decisive than the purely social issues. Conservatives do not, but even for them the economic questions count more than with other voters.

Voters from the Christian People's Party are as expected relatively most concerned by social questions, and inflation also comes rather high on the list for this group.

On the other hand they are little concerned by lower taxes. Center Party voters are especially concerned with care for the elderly and defense for Norway, plus working for peace and disarmament.

#### They Want to Have Cake and Eat It Too

The Labor Party wins on the big issues--the government parties win on the issues which people believe are less important for the party election. That is the main line in this poll. The voters prefer that a Labor Party government take charge of social policy, at the same time as they prefer a non-socialist government to control the economy.

Another interesting trend in the poll is that the voters of the Progressive Party have a surprisingly large confidence in a Labor Party government. They prefer a nonsocialist government, but only by a ratio of 2:1 on most issues. For example, as many as every fourth Progressive Party voter believes that the Labor Party is best able to give the country lower prices, less taxes and better economy.

It is also entirely clear what will be the Labor Party's best campaign issues: social security, health care, care for the elderly and investment in the young. According to the poll they scored high on these issues. On the other hand the government parties scored high on inflation, taxes and bureaucracy.

When it came to the problem of peace and defense the two government alternatives were relatively equal in the eyes of the voters. The same can be said about the more general question of the operation of Norwegian industry, a sound economy and secure jobs. Here there is a bare majority for the Labor Party, while there is a somewhat greater majority for the nonsocialist government among those who name these questions among the three most important.

Furthermore that is the only place one can find such a division. On the other issues the voting is just reinforced when those who are especially interested in an issue are taken out. Among all those asked, the nonsocialist alternative "wins" for example on the bureaucracy question with 44 vs. 34 percent, but the positions are strengthened to 71 vs. 22 percent when it is boiled down to those who believe the issue is important.

The views of the entire poll are presented in the tables below, while only those which are especially concerned with the issues are included in the graphic presentation.

Although this poll is surely causing headaches in the government parties, it is hardly because they did not "win" all the issues, but because they scored the poorest on the issues which people consider the most important for the party election. Nobody can be the best in everything, but it does little good to win on the small issues and be defeated on the large ones.

It also looks like there is a certain declining trend in issues where there is comparable data. In the last Storting election according to Henry Valens polls the voters had the greatest confidence that a nonsocialist government would best deal with the employment problems. Now that has also leveled out. There were also expectations that a nonsocialist government would hold down inflation, but although the government has managed to halve inflation this has not led to further gains.

Gallup/NOI will repeat this poll when the election campaign draws near, and then it will be seen whether the voters continue to evaluate the issues in the same way, or whether the government parties will succeed in strengthening their appeal.

Issues Which the Voters Prefer an A [Labor Party] Government Take Care Of

	Preferred Government		Importance	Advantage
	A	B		
Better health care, fewer hospital lines, etc.....	52	- 34	49	882
Social security and justice.....	52	- 35	51	867
Care for the elderly and handicapped.....	50	- 33	35	595
Better possibilities for the young in training and jobs.....	48	- 33	36	540
Defense of Norway's freedom, work for peace and disarmament.....	41	- 39	24	48
Operation of industrial Norway, sound economy, secure jobs.....	41	- 40	28	28
Work for increased foreign aid.....	42	- 33	2	18

Issues Which the Voters Prefer a B [Nonsocialist] Government Take Care Of

Reduce inflation.....	36	- 44	30	240
Lower taxes and fees.....	35	- 45	22	220
Fight bureaucracy and unnecessary regulations	34	- 44	11	110



**Key:**

(1) Percent who prefer a Labor Party government [A] or a non-socialist government [B] to take care of the issue (percent of those who named the issue as one of the three most important).

(2) Percent who believe the issue is among the three most important

(3) Social security and justice

(4) Better health care, fewer hospital lines

(5) Possibilities for youth for training and jobs

(6) Care for elderly and handicapped

(7) Reduce inflation

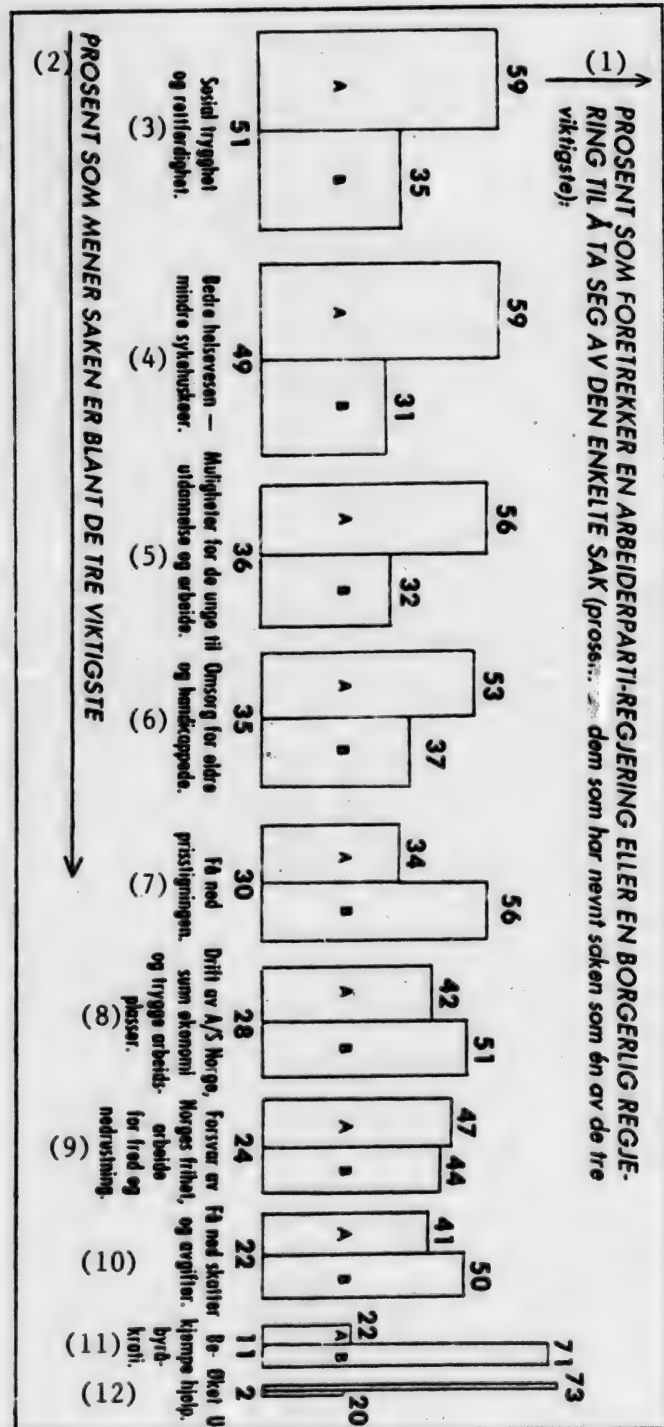
(8) Operation of industrial Norway, sound economy and job security

(9) Defense of Norway's freedom, work for peace and disarmament

(10) Reduce taxes and fees

(11) Fight bureaucracy

(12) Increase foreign aid



## Conservative Paper on Welfare Issue

Oslo AFTENPOSTEN in Norwegian 26 Nov 84 p 3

[Editorial: "Serious Provocative Thought"]

[Text] Only several weeks before we enter election year 1985, the majority of the voters believe that the most important issues on the political agenda can be best taken care of by a Labor Party government. This especially includes everything to do with social policy, according to a large opinion poll which Gallup/NOI has carried out for AFTENPOSTEN. The poll, which was published in the Saturday morning edition, is obviously a serious provoking thought for the government in power. If the nonsocialist parties are to have any hope of winning the coming election, they must see the signals, and then act.

When a clear majority of those asked say that a Labor Party government would be better able to protect social security and justice, better health care, fewer hospital lines, better possibilities for youth to get training and jobs, better care for the elderly and handicapped--yes, then it is obvious that there is something wrong. Despite the government having built its policy with just the intention of protecting and expanding social security, an impression has been created that the Labor Party is best capable of taking charge of all types of social questions. That the present government has invested more in this area than any of its predecessors, and that we obviously have better health care, is clearly little noticed.

One can obviously only take cognizance of this, even though the vote of the majority appears deeply unjust. One must confront the thought that a correct and necessary policy either was not understood, or did not have enough breakthrough power. On the other hand, it shows that the Labor Party's criticism and ruthless exploitation of individual problems have affected public opinion to an amazing degree. And that despite the fact that the problems involved here are things that we have worked with long before we had the current government.

Neither the prime minister nor others have concealed the fact that they must take a powerful grip to correct the bias. But it is certain--and people should also know this--that the problems in health care will never be solved if the irresponsible economic policies of the Labor Party become the guide. A new wave of inflation would have deep social effects. And for that reason the government's fight against inflation has much more importance than people allow themselves to believe.

The only way to solve public and private tasks better is to strengthen the country's economy and competitive ability. That is also the government's stated policy. There is no serious alternative to this.

On the other hand there is much that can be done to improve the government's information program and political salesmanship. We have ourselves for a long time advocated more systematic work in this area, which is of course decisive for any government. We also believe that a coalition government requires a more offensive political strategy. Now it is no longer possible to avoid taking this seriously. Time is beginning to get short.

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CSO: 3639/49

## POLLS MEASURE VOTER CHOICES, STABILITY AS VOTE NEARS

## Forty Percent Satisfied With Willoch

Oslo AFTENPOSTEN in Norwegian 5 Dec 84 p 5

[Article: "Government Popularity Very Stable"]

[Text] A Gallup/NOI [Norwegian Opinion Institute] poll conducted for AFTENPOSTEN in October indicates that 39 percent of voters are satisfied with the work of the government, 52 percent are not satisfied and 9 percent have no opinion. Those are small changes in relation to the August poll, and Gallup/NOI calls the situation stable.

There is no great deviation between the different categories of voters, except that the government has greater problems with winning understanding in the three largest cities than in the rest of the country. Among the supporters of the different parties, the Christian Peoples' Party has an increase from 53 to 64 percent of satisfaction compared to the last poll. Among the Liberal Party voters those satisfied were equal to those dissatisfied.

A corresponding poll exactly one year ago gave the government less popularity, with 36-56 percent. The current opinion poll is the first since the presentation of the year's budget bill.

## Youth Voters Least Loyal

Oslo AFTENPOSTEN in Norwegian 5 Dec 84 p 5

[Article by Alf Seeland: "Young Voters 'Move' as Never Before"]

[Text] Half--49 percent--of the voters under 30 do not know which party they will vote for in next year's Storting election. Only 32 percent of the younger generation is staying with its party. There is a total in



the country of 23 percent of "moving voters," in Oslo/Akershus it is 30 percent. This uncertainty has grown in recent years, and all parties who rely on statistical stability have lower voter stability than one year ago.

These fundamental features come from Gallup/NOI's poll for AFTENPOSTEN on 1 October. According to the poll, 60 percent of the voters will remain with their 1981 party, 9 percent will perhaps vote differently, 4 percent will surely vote differently, 4 percent will stay home, while 23 percent do not know what they will do.

#### Lower

Stability is lower within most parties. The Labor Party now has 83 percent of its 1981 voters intact, while before the summer the party had over 90 percent. The Conservatives' stability is 70 percent, Christian Peoples' Party is 83 percent, the Progressive Party is 68 percent, the Center Party is 72 percent, the Socialist-Left Party is 76 percent and the Liberal Party is 77 percent. Gallup/NOI maintains in its commentary that the figures for all except the Labor, Conservative and Christian Peoples' Parties are uncertain. They have also changed sharply from month to month.

#### Large Voter Group

The group under 30 comprises more than 30 percent of the country's voters, and because of the great uncertainty involved it will be one of the most important target groups in the campaign. This especially applies in the cities and densely populated areas where the stability is generally the lowest.

#### Paper on Youth Voter Poll

Oslo AFTENPOSTEN in Swedish 8 Dec 84 p 2

[Editorial: "Uncertain Youth Voters"]

[Text] According to an opinion poll, half of the country's voters between 18 and 30 years do not know which party they will vote for in next year's Storting election. At the same time we know from experience that staying at home on election day is most widespread among those authorized to vote. Many believe that the figures disclose worrisome uncertainty and passivity, and nobody needs to puzzle for long over which target group is marked as the most important.

There are many causes for the uncertainty among the young voters. In a society such as Norway there is broad unity about the most important goals, and even the differences in the parties' methods can appear undramatic. Therefore a long orientation is required, and a certain personal engagement, to see clearly that there are different views about the society that is desired and in the methods which are acceptable.

Youths, which often lack this stability, therefore have a tendency to spread themselves around the extreme parties to a greater extent than the national average. In the luxurious irresponsible positions in which these parties find themselves, they can offer higher bids and "alternatives" which the youngest voters still are not trained to see through. Both the Socialist-Left and the Progressive Parties depend on this factor, not to mention the Red Alliance.

The past 10 years has been a very difficult time of adjustment for the generation which came out of a long period of nearly automatic economic growth, with youth protests and "green values" and entered the economic problems of the 1970's and 1980's with higher unemployment, especially among the youth. Also before the last Storting election an expectant attitude was noted among the younger voters, making demands on politicians in the form of headlines.

We can only give the younger voters a reminder and a piece of advice: Reducing the voting age to 18 does not give more years of carefree "pause for thought" between school and the ballot box. The candidates already know that they have the right to vote the same year they leave advanced schooling. Are they prepared for that? The demonstrated large amount of uncertainty shows that this is not the case. Therefore they should become critically and deeply involved at an early stage in community questions, preferably in party work.

When we emphasize a critical position, it is because our modern stream of information not only creates problems, but also possibilities. The less developed media of former times and fewer available sources confronted the youth of that time with information problems which the youth of today can hardly imagine, but which it would be useful for them to think a little about.

The significant lack of party preference and lower voter participation are especially predominant among first-time voters. From age 24 and over, activity is normal; in the last Storting election over 80 percent of them voted. The former group is the main reason why during the last election the political parties invested so heavily in information in the schools, and why so-called school elections were arranged which achieved satisfactory attendance.

We give this new type of political orientation our full support, and urge the youths: Use the possibilities that are offered. Then your uncertainties and doubts will be manageable. That would be a great advantage for our society.

Norges Markedsdata: Nonsocialist Majority

Oslo AFTENPOSTEN in Norwegian 22 Dec 84 p 3

[Text] The political barometer of Norges Markedsdata also shows a nonsocialist majority: nonsocialists 49.9 percent vs. socialists 48.4 percent. The poll was conducted during the period 19 November - 11 December.

This poll shows no significant changes in party support. But both the Labor Party and the Socialist-Left Party saw a slight decline, which meant that these two parties together had voter support of 44.7 percent. With the help of the Liberals' 3.7 percent, this block comes up to 48.4 percent.

The three government parties--all three standing higher than the month before--together reached 44.0 percent. The Center Party advanced 0.9 percent over the month before. The Progressive Party's 5.9 percent brings the non-socialist bloc up to 49.9 percent.

Party	Starting Election Sept 1981 %	Starting Election Sept 1983 %	October 1984 %	November 1984 %
Red Election Alliance	0.7	1.2	0.7	0.7
Labor Party	37.1	39.2	39.9	39.6
Norwegian Communist Party	0.3	0.4	0.3	0.3
Socoalist-Left Party	5.0	5.3	6.0	5.1
	43.1	46.1	46.9	45.7
Progressive Party	4.5	6.3	6.4	5.9
Liberal People's Party	0.6	0.7	0.7	0.3
Conservative Party	31.8	26.2	28.5	29.4
Christian People's Party	9.3	8.7	8.5	8.6
Center Party	6.6	7.3	5.1	6.0
Liberal Party	3.9	4.4	3.4	3.7
Other	0.2	0.3	0.5	0.4
Total	100.0	100.0	100.0	100.0
Number replies on party preference		1141	1065	1094
Number interviewed over 18		1388	1288	1323

The barometer shows each party being weighed against the Storting election of 1981. Probability of statistical error can be of the order of 3 percent for vote shares near 50 percent, about 2 percent for voting shares of 10-20 percent and about 1 percent for lower voting shares.

#### Gallup Poll Sees Nonsocialist Lead

Oslo AFTENPOSTEN in Norwegian 8 Dec 84 p 3

[Article by Egil Sundar: "Things Are Brighter for the Nonsocialists"]

[Text] The nonsocialist parties seen as one have again got a slight advantage over the socialist bloc. This was shown by the Gallup/NOI/Aftenposten political barometer for November, in which the largest individual outcome was the decline of the Labor Party's two supporting partners, the Socialist-Left

and the Liberal Parties. Following a steady decline since September, the party of Dørum and Røssbach is down to a percentage of 2.7, compared with 3.7 last month. This means that the Liberals are in danger of being without a Storting representative following next year's election.

High stability and very small margins between the blocs is what primarily characterizes this political poll--conducted for AFTENPOSTEN during the period 12-26 November.

It would take little to change the total picture in favor of the nonsocialists or the socialists. And now it is the nonsocialist parties, the three government parties together with the Progressive Party, who have taken the lead. Together these parties have the support of 49.1 percent compared with 48.6 percent for the Labor, Socialist-Left and Liberal Parties. Last month the situation was the reverse, with 49.8 percent for the socialist bloc and 48.7 percent for the nonsocialist parties.

The November poll confirms a longtime tendency that the nonsocialist coalition of the Conservatives, Christian People's and Center Party will have to depend on the support of the Progressive Party in order to retain the government after next year's election. But neither is the Labor Party strong enough to be able to hold a majority by itself.

As things now stand, the supporting parties will be the weight on the scales when the government question is finally decided. That applies mostly to the Socialist-Left and the Progressive parties.

Coming polls will show whether the Liberal Party's declared support for the Labor Party has given Dørum's party a fatal wound. Later developments can indicate whether the Liberals will gradually suffer the same fate as the Liberal People's Party.

Studying the November figures individually, it can be confirmed that the Labor Party has stabilized at a support figure of about 40 percent. Gallup/NOI gives Gro Harlem Brundtland's party a mark of 40.9 percent, 0.9 percent more than in October, which is hardly enough to please the party's election strategists. The Labor Party's hard-charging offensive during the past several months has not created the percentage result which the largest opposition party normally should be able to count on hardly one year before the election.

The socialist election prospects must obviously also be judged in the light of the position of the Socialist-Left at any time, and a decline from 6.1 to 5.0 in the latest poll must surely give cause for some rethinking.

On the nonsocialist side the Conservative Party has strengthened its position with 29.9 percent in November compared with 29.2 percent the month before. This confirms the party's remarkable stability in a period when one would have thought that economic stresses would have a damaging effect on this largest of the government parties.



As election day comes steadily nearer, and the alternatives become more clear, it is probable that the Conservative Party's long term and consistent policies act even more in the party's favor. If we understand Erling Norvik correctly, he will hardly be happy again until the party has reached well over the 30-mark on the political polls.

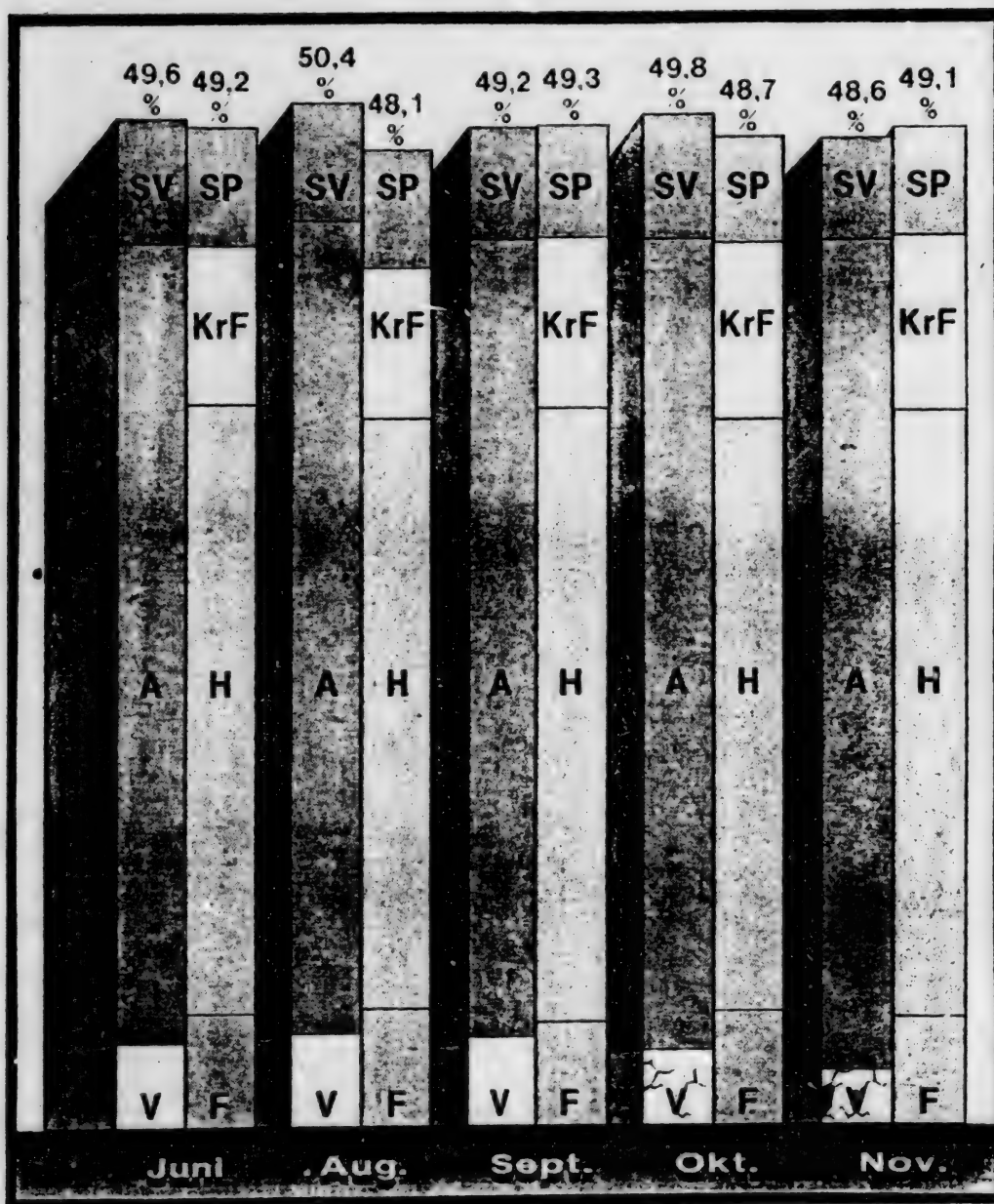
For the Christian People's party and the Center Party the situation is approximately unchanged. It will undoubtedly bring gladness that the Center Party appears to have stopped the decline with its mark of 5.3 percent, even though it is only 0.1 percent above the October mark. According to Gallup/NOI the Progressive Party and the Center Party have equal marks.

Question: If you were voting in a Storting election tomorrow, which party would you vote for?

Party	October	November
	1984	1984
	%	%
Labor Party [A]	40.0	40.9
Liberal People's Party [DLF]	0.5	0.5
Progressive Party [FP]	5.6	5.3
Conservative Party [H]	29.2	29.9
Christian People's Party [KRF]	8.7	8.6
Norwegian Communist Party [NKP]	0.1	0.8
Red Election Alliance [RV]	0.5	0.7
Center Party [S]	5.2	5.3
Socialist-Left Party [SV]	6.1	5.0
Liberal Party [V]	3.7	2.7
Total	100.1	100.0
A + SV	46.1	45.9
H + S + KRF	43.1	43.8
A + SV + V	49.8	48.6
H + S + KRF + FP	48.7	49.1

The figures indicate how many would vote in a Storting election tomorrow, of those who are certain that they would vote. They were also asked which party they voted for in the Storting election of 1981. The differences between the support for the individual parties on this question and the actual election result in 1981 were used as weight factors.

Results were based on interviews with 938 persons authorized to vote. The interviews were conducted 12-26 November 1984.



Caption: Relative strengths of the main political groups--from June to November.

#### Effect of Electoral Alliances

Oslo AFTENPOSTEN in Norwegian 1 Dec 84 p 3

[Article by Odd Inge Skjaevesland: "Needed Solution Can Give Nonsocialist Win"]

[Text] There has always been political conflict over the parties' access to electoral alliances for Storting elections. Next when the Foreign Affairs and the Constitutional

Committees of the Storting begin to discuss the proposal for a new election law, disagreements will again come clearly forward. The Labor Party can lose seats when the nonsocialist parties form election alliances. Now the Conservative Party has to a certain extent reason to be concerned, but it is going together with the Christian People's Party and the Center Party to "punish" the Labor Party because last spring the largest party would not contribute to a more mathematically fair election law.

Briefly, election alliances accomplish the following: Two or more parties which present their own lists put their numbers of votes together when the seat gains are counted. This increases the possibility of a better total count. But it often also a battle for all or nothing between the cooperating parties.

An example: The Christian People's Party and the Center Party are politically close together. In Akershus they are equally strong, but too small to win a Storting seat alone. If they enter an election alliance they will get so many votes together that winning a seat would be ensured. However, the entire pot goes to the party which is the larger. The loser gets nothing.

#### Combined List

It is different with combined lists. In that case the parties have discussed in advance the names and the placing on the combined list. If, for example, the two parties in Akershus prepare a combined list, the one which loses the first place gets the first deputy representative seat with second place.

Not all voters like it that the party that they expected to vote for enters an electoral alliance with other parties. There is reason to believe that the desertion is greater with combined lists. But even with election alliances some people become skeptical when they see other parties' names on the list.

Therefore, according to what AFTENPOSTEN has learned, the voters will have reason to refrain from marking the statement about election alliances on his ballot. Thereby his ballot will only help the party he votes for--not the election alliance.

#### Counting

If the voters have reason to so refrain, the counting of the votes will first go forth as pure lists, as though the election alliance did not exist. Thereafter the voters for the parties in the alliance are counted, minus those who have refrained. The method which gives the best result will be followed.

The alliance's representation is decided from the number of votes in relation to the other parties'. At the end there is an election settlement according to the general rules between the parties in the alliance.

1930-49

The election alliance was first brought into the Storting Election Law in 1930. The law applied in the storting elections of 1930, 1933, 1936 and 1945. Altogether in these four elections there were 74 election alliances.

The resulting victories totaled 24 seats, which were won by the Conservative Party, Farmers Party (Center Party) and the Liberal Party. Seventeen of these were captured from the Labor Party, which took the initiative in having the arrangement discontinued. With the president's double vote in the Odelsting and 20 vs. 18 votes in the Lagting the repeal of the law was approved in 1949.

In 1968 Storting representatives Lars Korvald (KRF), Lars Leiro (S) and Svenn Stray (H) made a motion to reestablish the law. But the motion was voted down by the Labor and Liberal Parties.

#### KRF and S Are Pressing

The parties which want the election alliance to again be the law consider it as a necessary solution, because the Labor Party opposes a mathematically more fair election law, with equalization mandates. For example, the Liberal Party does not have a chance of getting any of the 157 representatives after the election next fall, even if it wins four percent of the votes.

The deadline to enter an election alliance will probably be 1 July. The chairmen of the Conservative, Christian People's and Center Parties are advising their county groups to enter such agreements with other than the three parties. They are leaving it to the county organizations to decide whether it is appropriate to enter election alliances. There is significant interest in the law, especially in the Center Party and the Christian People's Party.

9287

CSO: 3639/47



## EANES SEEN GIVING GREEN LIGHT TO SUPPORTERS

Lisbon TEMPO in Portuguese 14-20 Dec 84 p 8

[Article by Henriques Valido: "Eanes' Messages"]

[Excerpts] Breaking a long silence on Sunday, the president of the republic once again gave a full-fledged interview to an organ of the Portuguese media.

The occasion for the interview appeared to be obvious. In view of the situation of political crisis that the country is experiencing, it was expected that the president should give the Portuguese people his opinions and possibly define his point of tolerance with regard to the instability that prevails.

However, that is not what happened. The president's interview was linked to something deeper than the immediate political crisis. Eanes provided precise details regarding his political future and, what is more important, the terms in which he is thinking of really exercising it. Thus, it would not be an exaggeration to say that the main target of the president's presentation was his more active and dedicated supporters all over this country who are anxiously awaiting the opportunity to create a party force to support the current president. Ramalho Eanes told them clearly that he is going to support them and that, therefore, they can count on him.

The references to the political crisis were meager and uninspired. A very nervous and insecure president (despite showing that he had been well prepared for certain questions, specifically in the economic area in which, however, he did not succeed in hiding his deficient basic knowledge), made a point of taking advantage of some questions to convey the prepared messages he had brought with him (thus, whenever Miguel Lemos tried to interrupt him, Eanes did not permit it). This diligence on the part of Eanes to go into certain matters in detail and to leave practically unanswered other more pressing questions that in the immediate term perhaps interested people more is a clear indication that he went to Radio Renascenca to deliver a certain message. More than enlightening the Portuguese about his opinions, Eanes wanted to tell his supporters that they can count on him.

Eanes defined the ideological alinement that will guide his actions. Although acknowledging that "the deep differences that exist between the

evolutional right and a moderate left are perhaps not as great as is believed," he clearly indicated his choice: "For me, the left is the capacity to think of a fairer and more equitably society, a more balanced national independence and, above all, a more perceived and more real solidarity; which, furthermore--and this has scandalized some people--corresponds to the great cultural and Christian values that mark Portuguese society."

With the end of his term approaching and in the face of the successive appeals for a more marked activity, Eanes has finally decided. In 1986, instead of entering the republic's reserve, he will again venture into active politics; except that this time he will no longer be living in Belem.

8711

CSO: 3542/74

## POLL SHOWS SLIGHT RISE IN EANES' POSITION

Lisbon O JORNAL in Portuguese 21-27 Dec 84 p 11

[Text] The favorable image of the president of the republic (which in October had hit its lowest point this year, though continuing to be comparatively better than that of the government and parliament) rose 1 point in November (25 percent favorable opinions), according to the Marktest/O JORNAL barometer. In the meantime, General Ramalho Eanes' negative image declined, while that of the government and of parliament increased.

The favorable image of the president of the republic received 25 percent of the "favorable votes" (24 percent in October), while that of the government and of the Assembly of the Republic remained around 3 percent (4 percent in October).

On the other side of the coin (bad/very bad image), we note that the president of the republic, who had received 14 percent of the favorable opinions in October, dropped to 13 percent in November. In the meantime, the government remained at 53 percent and the Assembly of the Republic "eroded" to 46 percent (44 percent in October).

President	Jul	Aug	Sep	Oct	Nov
Good Image:	27	26	26	24	25
Bad Image:	12	12	13	14	13
Government					
Good Image:	5	5	5	4	3
Bad Image:	52	49	50	53	53
Parliament					
Good Image:	4	4	5	4	3
Bad Image:	45	46	44	44	46

8711

CSO: 3542/74

## ACTIVITIES OF PRESIDENTIAL HOPEFULS IN 1984 REVIEWED

Lisbon SEMANARIO in Portuguese 21 Dec 84 pp 4-5

[Article by Carlos Silveira: "Central Bloc Becomes Moribund; Presidential Hopefuls Enter Final Phase"]

[Excerpt] The 1985 presidential hopefuls have already passed the 20-kilometer mark of the 42-kilometer marathon.

The year 1984 was also the year of the beginning of the hardest phase of the presidential marathon that will end in Belem at the end of 1985.

In January, the proposed candidacy of Joao Bosco Mota Amaral emerges strongly, presented because of his sensibility in the Social Democratic Party (PSD).

In February, the name of Maria de Lourdes Pintasilgo appears among Eanist circles and at the top of the polls.

In March, Mota Amaral is defeated at the Braga Congress and definitely disappears from the presidential race in May. In the PSD, Marcelo Rebelo de Sousa mentions Alberto Joao Jardim.

In April, Diogo Freitas do Amaral rises in the polls, polarizing a much broader electorate than that of the Social Democratic Center Party (CDS).

In May, the name of General Mario Firmino Miguel begins to be raised and, though it did not achieve an appreciable rating in the polls, it would continue to be talked about until the summer.

In June, Mario Soares recovers slightly from consecutive polls favoring Lourdes Pintasilgo, continuing his pre-election campaign supported by various appeals of his party.

In July, unexpectedly, Diogo Freitas do Amaral, who was supplanting Soares in the polls, informs the Portuguese of his definite decision not to run in 1985.

During the whole first half of the year, the Portuguese Communist Party (PCP) appeals for a "democratic candidate" capable of taking votes away from the right and expresses hostility to Lourdes Pintasilgo.



In August, the race declines in intensity, only Soares and Pintasilgo being in it openly.

In September, supporters of General Firmino Miguel try to relaunch his candidacy and it is known that there are Eanist sectors that are banking on him as being the most capable of gaining votes from the right. The PCP continues to refrain from attacking him.

In the PSD, the voices that had formerly supported the possible candidacy of Francisco Pinto Balsemao are dimmed, the latter having dissociated himself from it.

In October, the PCP begins to attack indirectly (in the style of the 1980 "S. Nicolau" campaign) the hypothetical candidacy of General Jose Lemos Ferreira. In the meantime, no sign of that candidacy is confirmed.

Also in the same month, there emerges the idea of a candidacy by Daniel Proenca de Carvalho, which could arouse wide support in Social Democratic and centrist sectors but which the subject himself would never confirm. And in the CDS, there are those who consider an autonomous candidacy by Francisco Lucas Pires.

In November, Maria de Lourdes Pintasilgo confirms her availability to push forward, and Alberto Joao Jardim (then strengthened by the summit with Mota Amaral) does likewise.

Mario Soares, concerned about the estrangement of the PSD, promotes the precipitation of a crisis in the government, thus confirming the priority that he attaches to his presidential strategy in 1985.

In December, 20 kilometers of the 42-kilometer marathon to Belem having been covered, Mario Soares, Maria de Lourdes Pintasilgo and Alberto Joao Jardim continue in the race, and will continue if they want to. Other mentioned or possible names have not yet entered the race. Third parties have already left it--exhausted, discouraged, foresighted or resigned.

Of the dropouts, the strongest was Freitas do Amaral; the most individual, Mota Amaral.

Of those who were talked about without ever venturing, the most brilliant was Proenca de Carvalho; the most cautious, Pinto Balsemao.

Of the military men mentioned (involving also Antonio de Spínola, Garcia dos Santos, Costa Bras), one asserted that he would like to run: Firmino Miguel.

Of those who did not want to run this marathon in 1984, two names stand out: Lemos Ferreira and Rocha Vieira.

Finally, one competitor beaten by the distance, the haste and the weight of oriental delights would be Vasco Almeida e Costa.

## Eanist Party--the Countdown

The year 1984 was also the time of the countdown of the Eanist party.

During 1984, the PCP rose in the polls, almost without exception, despite the fact of having dropped in terms of street mobilization. The Portuguese Democratic Movement/Democratic Electoral Commission (MDP/CDS) fulfilled, perhaps with excessive zeal, the task of reattaching the PCP to power, to the axis of Portuguese political life; thus, its "new look" of quasi-European Social Democracy and its winking at the Central Bloc.

In the meantime, the CDS was rising a little in the polls but without becoming a government alternative, and the fight for the approaching congress was looming within it. Francisco Lucas Pires isolated himself too much but the unorganized, fragmented and uncoordinated nature of the opposition forces that harass him was and is in his favor. He did not manage to transform the CDS into a credible nucleus of state power but he was not surpassed or equaled by anyone else within his party.

As for the Eanists, they started off in the spring, marked time in the summer and stagnated their pace in the fall.

At the beginning of winter, the Eanist party was already discussing positions, apportioning influence, setting up organizations, debating programs.

The ending of the presidential term and the crisis of the Central Bloc succeeded in bringing about 1984 what had never been decided in the previous 7 years: the start of Eanism as an autonomous party, without ideology but with much belief, without a charismatic leader but with a president of the republic as political patron.

8711

CSO: 3542/74

## SOVIETS REPLACED THIRD OF STOCKHOLM DIPLOMATS DURING 1984

Stockholm DAGENS NYHETER in Swedish 15 Dec 84 p 6

[Article by Staffan Teste]

[Text] Some time ago, assistant military attache Sergei Kopeiko of the Soviet Embassy in Stockholm left Sweden in great haste. Almost one third of the Soviet diplomatic corps in Stockholm was replaced in 1984.

Sergei Kopeiko's departure occurred so suddenly that several meetings had to be canceled because Kopeiko was no longer present in Sweden.

DAGENS NYHETER learned that Kopeiko's return home to the Soviet Union occurred after Swedish authorities became interested in his activities.

Just 2 years ago, on 28 December 1982, Sergei Kopeiko accompanied his colleague at that time, assistant military attache Petr Skirokii, to the train station as Skirokii was leaving Sweden after being ordered to leave as a spy.

The deportation of Skirokii was a much-publicized affair between Sweden and the Soviet Union. Since then, Swedish authorities have tried to avoid public commotion in connection with the deportation of Soviet citizens who are no longer seen as desirable in Sweden.

#### On Their Own

In December 1983, when Sweden deported three Soviet citizens, they did not even reveal which three were deported. Only later was the Swedish press able to put the pieces together and reveal that the two deported diplomats were third secretary Vyacheslav Timofeev and second secretary Grigorii Rapota.

The three Soviet citizens (in addition to the two diplomats mentioned above, a lower official at the trade section) were deported after the Security Police sent a letter to the government requesting the deportation of several people. Of those mentioned in the message, the government chose to deport only three.

Since the deportation in December of last year, 14 Soviet diplomats have returned on their own to the Soviet Union. One of them was the assistant military attache, Sergei Kopeiko.

## Warnings?

Recently a much-discussed book was published in Sweden entitled Industrispionage (Industrial Espionage). This book mentions Kopeiko as an officer in the Soviet military intelligence service, GRU. A portrait of him is also presented.

Twelve of the Soviet diplomats who returned home in 1984 had lived in Stockholm. Ten of these twelve are mentioned in the book Industrial Espionage as intelligence officers either in the Soviet security police (KGB) or in GRU. There are now 39 accredited Soviet diplomats at the embassy in Stockholm. In other words, almost one third of the Soviet diplomatic corps at the embassy in Stockholm was replaced during the year.

Has Sweden begun to issue unofficial warnings to the Soviet Union so that undesirable persons can be sent home with no commotion in the Swedish mass media.

## Nothing New

The chief of the Swedish Security Police, Sven-Ake Hjalmarth, denies any such new Swedish policy toward the Soviet Union.

"We have instituted no new policies in this area since the letter was sent to the government in 1983," Sven-Ake Hjalmarth said.

It has come out on several occasions that in December 1983 the government did not deport all the Soviet citizens the Security Police wanted deported at that time. Did some of the names on the Security Police list sent to the government coincide with the 14 Soviet diplomats who returned home this year?

"No comment," Sven-Ake Hjalmarth answered.

9336

CSO: 3650/93



## COMMUNIST MP ATTACKS IDEOLOGICAL WEAKENING WITHIN VPK

Stockholm DAGENS NYHETER in Swedish 20 Dec 84 p 5

[Op Ed Article by Jorn Svensson]

[Text] The criticism within VPK (Left Party Communists) reflects a weakening of the party's ideology. The result of this is a loss of perspective, a lack of clarity, and a tendency toward opportunism or stands on social questions that verge on conservatism. This is stated in VPK member of parliament Jorn Svensson in his contribution to the debate leading up to the party's 27th congress on 2 to 6 January 1985.

Representatives of the mass media are presently interested in the debate within VPK. This often takes the form of speculation concerning personal differences and internal intrigue. But the (as usual) lively debate before the party congress actually reflects much greater issues.

For this reason, it is wrong to believe that the discussion arose out of dissatisfaction with the government's gasoline tax. On the other hand, it is just as wrong to speak of "small islands" of opposition. Dissatisfaction and a longing to give the party a lift are extremely widespread. The roots of the problem are far deeper than personality conflicts.

What, then, is VPK's real problem? The economic and social crisis has changed the situation in Sweden. It has squeezed the broad masses of wage-earners both materially and politically. The traditions and value system that emanated from the labor movement have been eroded by this process. There has been a political fragmentation. The bitter climate has led to differences both within and between various sectors. The Social Democratic government has contributed to this process by policies that have held back the broad masses both economically and culturally and policies that are adapted to the trends of international capitalism.

This puts VPK in a complicated situation. The party has two loyalties. It must maintain and develop socialistic thought to counter the rightist tendencies in our society. It must also feel a sense of responsibility toward the entire

labor movement at a time when this movement is under attack and its traditional values are questioned.

It is indeed possible to deal with this situation. VPK can support the Social Democrats in various parliamentary situations, as long as this support does not clash directly with the fundamental ideas of the party. A prerequisite for this, however, is that the party must have a strong and highly developed ideological identity as a socialist critic within the labor movement and a worthy antithesis to rightist ideology.

If party members and voters feel secure in and are stimulated by a clear ideological identity, they will not be concerned about parliamentary agreements or unpopular stands taken by the party from time to time. But if they are uncertain about the very foundation of the party, they will tend to see all forms of cooperation with the Social Democrats as attempts to move to the right and they will have little confidence in the party leadership.

Here is the heart of the matter. The criticism within VPK is not a criticism of the party leadership for being too "chummy with the Social Democrats." It is an indication that the party's ideology has been weakened. In the face of day-to-day problems, the party leadership has paid too little attention to long-term issues concerning the party's role in Swedish politics. There has been no development of socialism as a value system and practical concept. The result has been a loss of perspective, a lack of clarity, and a tendency toward opportunism or stands on social issues that have verged on conservatism.

The self-critical position of the party leadership presents the opportunity to solve these problems, however, since the critics are correct on a number of points. The congress must provide the party with a better ideological and political compass. If this occurs, then practical cooperation with the Social Democrats will be no real problem. It will be a natural part of our view of the labor movement and the struggle against the right.

But a clear line is not something that simply can be proclaimed. It requires work and deeper insight. A socialist left in Sweden today must actively face the great existential questions of our time--those questions that are not based on parliamentary politics and traditional party life. Several of these questions will be of primary importance at the party congress in January.

These include the environmental crisis, which puts into question the entire concept of growth and raises the necessity for a new type of industrialism based on principles other than profits and exploitation. Of course, this also challenges certain traditional Marxist concepts.

These questions also include the new technology which has exacerbated a number of social and humanistic problems. It can lead to the liberation of the broad masses of people or to a brutal class society and a dictatorship of the technocrats, manipulated by the multinational empires.

Another of these questions is women's liberation, which is now being threatened

by computerization and a return to traditionalism, but also by a petit-bourgeois conservative feminism that glorifies housework and dreams of women's political parties.

Finally, there is the question of the future structure and internal relationships of our society. Is it at all possible for a higher civilization, capable of solving the monumental human problems of our time, to arise from the principle of competition and struggle between individuals, companies, corporations, and nations? Is it not necessary to turn to an entirely different principle for the development of human society in the near future? What does this socialism look like--a socialism based on freedom that could create an alternative civilization?

These are some of the questions facing VPK and the left. It remains to be seen whether the VPK party congress can pursue these questions successfully, but these questions should at least generate enthusiasm.

9336

CSO: 3650/93

## VPK CHIEF RETURNS FROM MOSCOW, FACES INTERNAL PARTY DISSENSION

## Soviet Dissatisfaction Over Afghanistan

Stockholm DAGENS NYHETER in Swedish 1 Dec 84 p 8

[Article by Sven Svensson]

[Text] "The Soviet Union wants to improve relations with Sweden in every way." That was the message VPK [Left Party-Communists] leader Lars Werner brought home to Prime Minister Olof Palme after holding discussions with top representatives of the Soviet CP for several days in Moscow.

No admissions were made during the talks with respect to submarine or airplane violations.

Lars Werner was accompanied by party secretary Bo Hammar on his trip to Moscow. The VPK delegations met primarily with Vadim Zagladin and V. Schaposhnikov.

Vadim Zagladin is a deputy chief in the communist party's international division and one of two chairmen of the Supreme Soviet's Foreign Affairs Committee.

Schaposhnikov is responsible within the communist party for contacts with the Scandinavian countries, among other things. He also took part previously in a VPK congress in Stockholm.

Vadim Zagladin attended a SIPRI [Stockholm International Peace Research Institute] conference at Rosenbad a few years ago. Lars Werner describes Vadim Zagladin as one of the Russians familiar with West Europe and an extremely well-informed man.

It is 5 years since Lars Werner's last visit to Moscow for talks with Soviet leaders.

## Hard Words

The discussions were characterized by greater openness than in the past but the words used were much harder and more definite, Lars Werner told DAGENS



NYHETER. The disagreement between the two parties about how socialism should be implemented still remains.

The main theme in the talks was that the Soviet Union feels that Olof Palme and the government want to improve relations with the Soviet Union but that other forces are working against this. There was no indication at any time as to who these forces might be and the discussion did not touch on either Carl Bildt or SAPO [Swedish Security Police].

"The first topic discussed involved the Nordic nuclear-free zone, since we wanted to know where the Soviet Union stands on that," said Lars Werner.

#### Item in Discussion

Lev Voronkov's brochure has questioned whether the Soviet Union stands behind its former views about the Baltic Sea and the so-called demilitarized zone.

The brochure is an item in the discussion and the old Soviet line still applies, Vadim Zagladin replied, according to Lars Werner.

"It was important to get that confirmed," Lars Werner said.

The submarine that ran aground in Gasefjorden in 1981 was not a major topic of discussion. It was a Soviet sub that ran aground and the captain has been disciplined, Vadim Zagladin told them.

"We also discussed the 1982 Harsfjorden incident. We cannot refute the charges made by the Submarine Commission. We presented that as our view," Lars Werner continued.

#### Thin Report

"When it comes to the 1983 Karlskrona incident I have said earlier that it was a thin report. Not even military people were sure about it; the only one who is sure is Carl Bildt (Conservative).

"With respect to the airplane violation over Gotland in 1984, we presented the same view as the government, namely that a border violation had occurred according to the information we were given by Swedish authorities.

"We said we thought it was a mistake and that Soviet leaders should apologize.

"Vadim Zagladin referred to what he told DAGENS NYHETER, among others--the violation had not been confirmed according to Soviet reports.

"After arguing for a while we found that Vadim Zagladin believes in his experts and we believe in ours.

## Better Relations

"We asked how the Soviet Union views relations with Sweden.

"The Swedish government wants to improve relations with the Soviet Union and that is what VPK wants too, we told the Russians.

"Vadim Zagladin answered very seriously: 'We agree entirely.'

"There was a long silence and then we asked why he thought relations were so poor.

"Vadim Zagladin then assured us over and over: 'We want to improve relations and if you want to give Prime Minister Palme a greeting, say that we are prepared to improve relations in every way. Our point of departure is that Palme and the government are interested in correct relations with the Soviet Union.'

"I do not know on whose behalf Vadim Zagladin was speaking, but I assume he was speaking for the national leadership," Lars Werner said.

## U.S. Embargo

"Vadim Zagladin later brought up an interesting matter," Lars Werner went on.

"One result of the deterioration in contacts is that Sweden is still behind when it comes to trade with the Soviet Union. Sweden has expanded its trade with Japan and England who support the American embargo policy to the hilt. The English government has been in Moscow as has Labor leader Kinnoch.

"There are a lot of big Swedish firms that want to trade with the Soviet Union, but the U.S. embargo on computers stands in the way, according to Vadim Zagladin.

"We explained that we intended to take this up with Foreign Trade Minister Mats Hellstrom," said Lars Werner. "We do not share the view that the United States is entitled to dictate sections of our foreign trade.

"Afghanistan and the war there came up and positions on both sides were clarified. We said that the war was a burden on Soviet foreign policy and that the troops should be withdrawn."

## Dissension Over SDP Ties

Stockholm DAGENS NYHETER in Swedish 2 Dec 84 p 16

[Article by Ake Ekdahl]

[Text] Lars Werner, Sweden's most communistic personality, has come indoors after 20 years out in the political cold. He is purring like a cat and having

a wonderful time. But outside his party comrades are stamping their feet impatiently. Quit playing around with Palme, Feldt and Malm, come out and fight for peace, the environment, women's rights and the union class struggle, they cry in their anguish over the party leader's political maneuvering at the chancellery and in parliament.

There is grumbling in the VPK ranks again. Werner has been too friendly with the Social Democrats, more so than is healthy for the party. We will find out where this is all leading right after New Year's. At that time VPK members will gather for their congress which, symbolically enough, will be held in the elegant marble hall of the Riksdag building and not, as usual, in the more prosaic People's House.

Werner must feel the buildup is a little ungrateful. For the first time VPK has been regarded as somewhat housebroken, almost reliable, in fact.

In recent years Palme has shown that he takes Werner and his communists seriously. This is true even though Palme himself seems very uneasy when this is mentioned. Werner has shown that VPK can influence policy in spite of the party's small size. The value-added tax, rents and the gasoline tax are examples of that.

#### Double Hit

This week we had fresh evidence of how parliament can be used in the political struggle. Werner's favorite comrade in Riksdag, Margo Ingvardsson, had a double hit--with a single shot she felled Social Affairs Minister Sten Andersson and injured the three nonsocialist parties on the BB [expansion unknown] tax.

No one is surprised that Werner has acquired a taste for parliamentary work. He now says openly that if VPK were just a little bigger he would have a communist as deputy speaker, be entrusted with international assignments and represent Sweden in the United Nations and the Council of Europe. He would also sit with the king on the exalted Foreign Policy Committee.

This borders on class treason in the view of many VPK members. Parliamentary life should be subordinated to the movement in the streets. They want to restore VPK as a party of agitation and action. Cooperation should involve the base of the labor movement, not its leaders.

It is the VPK members in industry, in the unions and in the local organizations that are most upset about VPK's new line as a parliamentary party that is eager to cooperate. One of the leading critics is himself a Riksdag member, Lars-Ove Hagberg of the Borlange Metalworkers' Union.

#### Different Language

He describes the gap as being so wide that the party leadership and the rank and file no longer speak the same language.

"If I went to my union comrades at home and talked the way they do in parliament they would think I had turned into a Social Democrat.

"And if an ordinary Social Democrat in the union spoke out freely in parliament in the way he ordinarily does everyone would think he was the reddest communist. That is how big the difference is."

It is also logical that the new differences inside VPK are not discussed in the party organ NY DAG, the newspaper of the party establishment, but in the internal paper for members, VPK INFORMATION.

There Hagberg wrote:

"The party leadership has pursued a defensive line that has stressed a kind of somewhat diffuse agreement in the opinion of the labor movement and the popular movements while at the same time the role of the party has been toned down."

He criticizes the adjustment VPK has made to the Social Democrats.

Hagberg feels the party leadership has exaggerated the importance of parliament and that VPK will be regarded as a sheet anchor for the Social Democrats.

VPK is faced with a dilemma. Can it retain its independence and at the same time influence policy?

VPK's group leader in Riksdag, Bertil Mabrink of Gavle, who is also one of the critics, surprisingly cited the Conservative Party as an example:

"The Conservatives have made good use of their situation. They pursue a self-centered party line outside parliament and a cooperative realistic policy inside. We should put ground-level work first and act in parliament on the basis of that work."

Test Coming Up

The congress in January will be a test of the VPK leadership's position in the party. The agreements with the Social Democrats have not impressed the broad rank and file. They tend to regard "pragmatic politics" as a risk that VPK will be swept up in the conservative trend.

Riksdag member Oswald Soderquist has pointed to VPK's difficult situation. The party is losing young voters and its striking force while the popular movements are getting fat.

When VPK lost the popular campaign against nuclear energy, the air went out of the party, it is said.

The fact is that VPK support among young voters has declined from 11 to 4 percent.



The effort to raise VPK from a street poster party to a party that can gain the confidence of more than 4-5 percent of the voters has been going on for 20 years.

It began back in 1964 when C. H. Hermansson took over the leadership and started the socialist renewal. VPK was to become an independent national Swedish communist party. That was the only way out of the ancient "eastern problem." The party changed its name and "communists" moved to the tail end.

When the Russians invaded Czechoslovakia in 1968, Hermansson inveighed against Moscow as no Swedish communist leader had ever done before.

Werner took hold in 1975 and purged the Moscow communists from the party. Like Hermansson he continued to criticize Moscow openly for its encroachments and acts of oppression.

#### Remnant of Marxism

Gradually the themes of "dictatorship of the proletariat," communists as an elite party and everything about internationalism that could be connected with dependence on Moscow were removed from the party program. What was left was a remnant of the revolutionary theories of Marx and Lenin. If one asks VPK people about the revolution today it is described as a form of revisionism.

This planned reorganization from within finally produced results:

With the help of a new parliamentary situation, a shift of party leaders in SDP and finally a sanction by a nonsocialist prime minister who recognized the party in a cooperative effort against nuclear energy, the doors opened for Werner.

VPK joined a secret parliamentary committee, was invited in as an equal member of Palme's Wednesday club for party leaders, received direct information from Palme about foreign policy affairs in the Foreign Policy Committee to which VPK is still not admitted and is briefed on defense issues by the defense minister.

The very latest is that VPK has engaged in direct negotiations with the Social Democratic government. These ended in a commitment in a letter from the finance minister to protect retired people and renters when the new property tax is introduced next year.

VPK has also pushed through demands for studies, most recently one on a new tax on high real interest.

VPK's long-term strategy is to cut loose from Moscow and it seems to be succeeding. Soviet submarine and airplane intrusions, the invasion of Afghanistan, the persecution of the Jews and dissidents in the Soviet Union, the pressures applied to the people of Poland and the attempt to destroy the free trade union Solidarity are all things that collectively fanned hatred of

communists in Sweden. No one knows how much voter confidence VPK would have had if these events had not occurred.

#### Moscow Visit

This week Werner visited Moscow and told the Russians how the Swedes view the security situation, a talk he had discussed first with Palme.

Werner is sitting inside by the fire and there is nothing to indicate that he intends to leave. He can point out that the party leadership has acted in accordance with the party program. Werner is even asking for more stress on parliamentarianism. The party program no longer talks about democratic rule but of Riksdag. The course has been set for the next congressional period when there will be a total revision of the party program for the 1988 congress.

"My basic position," said Werner, "is that a party elected to parliament should take part in its work on equal terms."

That sounds a little unassuming, but Werner thinks it fits his VPK today with a whole new electorate, dominated by female public employees in the cities and fewer and fewer old ironworkers calling for a communist renewal.

#### Strengthened Role in Riksdag

Stockholm DAGENS NYHETER in Swedish 4 Dec 84 p 2

[Editorial: "VPK Between Lenin and Palme"]

[Text] No big debate on international issues is expected when VPK--Left Party-Communists--holds its congress right after New Year's, according to party secretary Bo Hammar. In plain language this means that VPK's relations with the Soviet CP are no longer being questioned inside the party.

At the last party congress in 1981 Soviet relations was one of the big issues and maintaining the old ties was the reason why nuclear power opponent Per Kageson and others later left the party. This confirms the old truism that in the long run a communist party cannot tolerate an open internal debate; instead critics are forced to submit or resign.

VPK's brotherly relations with the Soviet Union do not prevent criticism of the intervention and warfare in Afghanistan. But when it comes to famine-stricken Ethiopia where current reports indicate that the government is preventing outside help from reaching the millions of people affected, the party board's comment was: "We view the current progressive social transformation in Ethiopia positively and we want to develop contacts with Ethiopia's Labor Party." It could not be demonstrated more clearly that VPK is still a Marxist-Leninist party that allows ideological concepts of historical forces to overshadow both humanity and its awareness of reality.

This is seldom that obvious when VPK discusses conditions here at home. It is true that the party program contains the argument that a revolutionary government can be forced to use armed power, but this involves using "all available force" to defend "the rights acquired by the people" against big financial interests and the middle class. VPK does not advocate armed revolution, although it is unclear whether the party--if it came to power--would be prepared to accept an election defeat and voluntarily relinquish the positions it had won.

But this problem may seem theoretical for today's VPK which gets around 5 percent of the votes in one election after another. The boost given to the party in the early 1970's when there was a left-wing surge and later on during the "popular campaign" against nuclear energy has now vanished--VPK is relatively strong in the group between 30 and 40 years of age, but not among younger voters.

The changed social climate has presented VPK with a dilemma. While the 1982 government shift was noted as a gain for VPK too, the Social Democrats have since pursued a government policy that has aroused strong criticism in the party. However VPK has been unable to profit from the fact that the Social Democrats have broken their election promises--the fragile credibility of the communists is not strong enough for that.

The criticism in the VPK ranks against the Social Democratic government's policies is offset somewhat by the success VPK has had in parliamentary work. Lars Werner has managed to an unprecedented extent to housebreak his party and strengthen its representation on committees. To compensate him for not getting on the Foreign Policy Committee, the VPK leader is specially briefed by Olof Palme.

The reason is that as a result of the sharp bloc division in parliament, the Social Democrats need support from VPK to obtain a majority. Lars Werner has understood how to make use of that: the important thing for him has been to force the Social Democrats to accept VPK as a negotiating partner.

Werner seems to look back with satisfaction at the "value-added tax circus" in Riksdag in the fall of 1982 when VPK demonstrated its independence from the government and succeeded in pushing through increased food subsidies and a study of lifting the value-added tax on food items. The VPK leader is not that concerned that the government later rescinded part of the subsidies and that the study rejected the VPK demand to "end the value-added tax on food" as impracticable.

But the fact that Werner and the parliamentary group went along with an increase in the gasoline tax in the fall in exchange for a letter with vague promises from Kjell-Olof Feldt has strained the patience of VPK members. In congressional motions from district party organizations in Dalarna and Gavleborg harsh criticism is voiced against the cooperative efforts. But it will probably take more than that to make Lars Werner consider changing his strategy.

A return to the old policy of outbidding would scarcely strengthen VPK. It would be much better to invest in a future in which VPK will be accepted as an equal in parliamentary work and can exert more real influence on government policy--that seems to be the idea.

But this is not a natural course to select for a party that by its own definition has history and the working masses on its side.

#### Werner Answers Party Critics

Stockholm DAGENS NYHETER in Swedish 4 Dec 84 p 12

[Article by Ake Ekdahl]

[Text] VPK will continue to cooperate with the Social Democrats in parliament. That is one way to counter the conservative offensive in our country. The dialogue between VPK and the Social Democrats has improved. VPK has been influential and has succeeded in affecting the policy of the SDP government in the right direction.

Those are VPK leader Lars Werner's answers to the criticism that the party leadership is much too intimate with the Palme government.

Some admissions of error are made in the statement on the motions to the VPK congress in January which defends the line taken by the party leadership, but by and large VPK policy has been successful and it is the only viable course when the other parties, including SDI, are moving to the right, he said.

At a press conference on Monday Werner said there are many voters who are looking for a consistent left-wing policy and it is wrong for VPK to try and follow the others to the right--even at times when this may seem opportune.

"We must take note of the critical voices that are being raised in the left wing, channel the feelings out on the street and influence policy through parliament," he said.

#### Tactical Weaknesses

In its document to the congress the party board concedes that "there may have been weaknesses in our ability to clarify the party's position and tactics." It also says that VPK has "shortcomings in initiating political movements and showing the ideological connection in the fight for special issues."

But ultimately it is a question of saving the labor government that exists and checking right-wing forces, the VPK leadership said.



Werner wants to hold the door open for further cooperation with the Social Democrats in individual instances. He would not specify how cooperation should be carried out but said the political situation and the nature of the issues would determine the form.

The VPK leader said that the dialogue with the Social Democrats has improved. This is partly because VPK has developed as a political force but it is also due to the sharper political differences between the blocs in Swedish politics, he said.

Werner does not want to go back to the poster era when VPK was simply regarded as the crazy left.

The party leadership wrote the congress: "We have shown that VPK is prepared for a dialogue, prepared to make decisions that prevent political gains for the nonsocialists, even to the extent of political compromise. We can show that on each occasion to a greater or lesser extent we have managed to influence the actual content of policy for the better as far as the working class and the broad masses of the people are concerned."

The intention is to have congress react to the party leadership's long-range planning before the election. Among the 275 delegates are groups from Skane, Varmland, Dalarna and Gavleborg that are sharply critical of the cooperative line and want a more clearcut VPK policy.

During the fall Werner and his comrades on the party board have traveled around to each party district to feel out the opposition.

#### Misunderstanding

The VPK leader said there are widespread islands of discontent, some of it springing from misunderstandings.

"It is clear that no one is standing up and cheering about the increase in the gasoline tax which we went along with, especially in Norrbotten where I have visited. But all in all the final result was better than the proposal looked to begin with," said Werner.

He is critical of the fact that the government has adjusted parts of its policy to a capitalistic economy. Werner said Palme had shirked his responsibility to stop the shift to the right. As an example he pointed to the government's demand for restraint in wage demands, allowing big business profits and providing the business sector with risk capital. There is also the austerity policy that is directed against wage earners.

VPK says there is no support for this kind of policy in the unions and on the local level and it thinks it can capture SDP voters by presenting a clearcut left-wing alternative.



## Old Conflict Could Cause Problems for Werner

The question of who will be deputy chairman of VPK after Eivor Marklund of Norrbotten could rake up a personal conflict that is ultimately directed against party leader Lars Werner.

The selection of a new deputy chairman has been put aside for a year to keep peace in the party, but everything has to be settled before the party congress in January.

When Marklund resigned from politics the question of a replacement came up before the party board right away. Werner strongly favored the new member of Riksdag, Margo Ingvardsson, the one who put fire into the tax debate on BB. But she was rejected by the party board. No other candidates were nominated and the whole matter was shelved with the argument that there was only a year left before the party congress.

However it is the party board, not the congress, that selects the deputy chairman.

Ingvardsson is already a member of the party board and its executive committee, but is regarded in some circles as much too frivolous and too inexperienced in top-level politics for the important post as deputy chairman.

## New Form of Criticism

Now Werner is being criticized for trying to surround himself with weak colleagues as well as being indecisive and unclear in his leadership of the party.

This is a new form of criticism from those in the party who want a shakeup and a sharper presentation of party policy.

The deputy chairman will be selected by the newly-elected party board from the 34 regular members of the board. There is no obvious candidate today and it is not clear who will replace the vacant seats left by the handful of members who are resigning. The recently-appointed election committee has not yet held its first meeting and it does not yet have a chairman.

Here the women will fight for equality and point to the party's new election platform plank on more power for women, while members from rural districts will fight for less influence by Stockholm politicians and those critical of Werner will take aim at the party leadership's shapeless cooperative policy and demand a deputy chairman known to be independent from the inner circle of trusted friends that Werner is now surrounded with.

Names that have been mentioned among current party board members are those of Werner critic Hans Andersson, the ASEA [General Electric Company, Inc.] from Dalarna, current group leader Bertil Mabrink from Gavleborg and Jorn Svensson from Skane, while it is hard to think of a woman who could muster the same kind of support.

One of the people leaving the party board is former party leader C. H. Hermansson.

### Moscow-Oriented Party Organ Accuses

Lulea NORRSKENSFLAMMAN in Swedish 5 Dec 84 p 2

[Editorial: "VPK's Right-Wing Course"]

[Text] The VPK leadership has been strongly criticized by its own members. On "TV Report" on 3 December party board member Lars-Ove Hagberg was devastating in his criticism of the VPK leadership for its foot dragging and its undelineated policies. Criticism is now being heard from other parts of the country as well with regard to VPK's increasingly pronounced shift to the right.

VPK will hold a party congress in January. Some of the critics are probably just expressing the misgivings of hindsight or are motivated by opportunism. Critic Lars-Ove Hagberg was one of those who helped to open the door for the ideological decay.

VPK's shift to the right picked up speed when the party leadership managed to split the party in order to free itself from the forces that wanted to keep VPK on a communist foundation. This eliminated those who would have been most consistent in checking the march to the right. We can see the consequences of this in the form of a VPK that is neither fish nor fowl.

When Lars Werner and C. H. Hermansson threw the communists out of the party they both said that now there would be peace and unity. There have been no signs of any peace. The party's members are now a motley assortment who are not linked together by any common ideology.

Some of them belong to the party because they oppose nuclear power, others because they like the small-scale philosophy cultivated by some groups in VPK and still others have been hooked by some of the reform demands favored by VPK. There are Trotskyite elements, leftovers from the Maoist party and others who are openly hostile to true socialism. On the other hand the proportion of communists and class-conscious workers has declined steadily.

It is obvious that political tensions will arise in this frequently changing and ideologically divided membership group. A common ideology, the glue that would hold everything together, is lacking.

The internal criticism that is now becoming visible is partly due to the fact that the party is turning little by little into an unprincipled support party for the Social Democratic government. The help it gave the government in passing the latest item tax increases is an example of this.

From our point of view of course it is not always deplorable to reach an agreement with a Social Democratic government.

But this must involve measures that really benefit the working class. The agreements VPK has entered into recently, however, are unprinciples concessions to Kjell-Olof Feldt's austerity philosophy and there are ample grounds for criticism here.

There is also widespread criticism in VPK of the VPK leadership's solidarity with counterrevolutionary forces in Poland, Afghanistan and other countries and of the party leadership's support of right-wing forces' and militarists' anti-neutrality and anti-Soviet campaigns.

Party members are reacting against a line that means a steady shift to the right so that the party will be regarded as respectable by the establishment.

VPK's role as an unprincipled support party for the Social Democrats has intensified in recent years. This has not strengthened the front against right-wing forces; on the contrary the VPK leadership has facilitated the right-wing offensive and strengthened the Social Democratic right wing. The behavior of the VPK leadership has reaped benefits for the party, which has been able to bask in the approval of government representatives. But this also involves a risk for VPK, whose sole justification for existing, in the view of the SDP leadership, is to serve as a support party in parliament.

According to a voter survey made by Goteborg University recently, close to 150,000 voters were channeled into VPK in the last election simply to give the government a victory. That is an uncertain foundation for Werner & Co.

The developments in VPK underline the necessity of a communist alternative in Swedish politics, the Workers' Communist Party, which needs to be quickly expanded into a strong political force. The goal of APK [Workers' CP] is to create unity of action against the right on the local level, to initiate a movement among the masses for a new course in Swedish politics. This movement is not promoted by unprincipled settlements in parliament over the heads of the masses but by a consistent struggle against the ideology and practice of class reconciliation.

#### Campaign to End Isolation

Stockholm DAGENS NYHETER in Swedish 12 Dec 84 p 8

[Commentary by Ake Ekdahl]

[Text] Communism in Sweden as it looks in VPK today is something entirely new and untested, without foreign models.

The goal is a compromise, a party that is close to the Swedish people and at the same time faithful to Marx.

The implications of what is usually called Swedish communism have now been analyzed in a new doctoral thesis by Jorgen Hermansson of Uppsala University. He is not related to former VPK leader C. H. Hermansson.

This is a study in depth of Swedish communism going back to 1943, a 350-page document that confirms the debate of recent weeks which says that VPK--virtually the only communist party in Sweden today--is being transformed into a more respectable party in a gray zone between Palme and Marx.

Jorgen Hermansson says that loyalty to Marx has had the nature of an intrinsic value for communists. Democracy is all right if it can be fitted into the Marxist epoch.

When the ties to Moscow were loosened in the 1960's VPK acquired greater freedom to decide for itself the content of Marxism.

A humanism was found in Marx when he was young that fitted in with the VPK strategy. They could be loyal to Marx and still espouse a new communism that the Swedish people might be induced to swallow.

#### Marx Endures

C. H. Hermansson, who was party chairman when the course was chosen and is thus chiefly responsible for the new direction, agrees with the argument to a large extent.

Marxist methods are still used as a tool when VPK people analyze current developments in society, he says.

It was fashionable 10 years ago to describe VPK as a branch of Eurocommunism.

Parallels were seen between what happened here when Lars Werner threw the Moscow communists out of the party and the liberation from Moscow that occurred in Italy, France and several other southern European countries.

That was a distorted picture, according to Jorgen Hermansson. VPK stands for something quite unique and it has formed ideas that lack international precedents.

#### Russian Party

It is over 40 years since Swedish communists broke with the Soviet-ruled Communist International without quite getting rid of the label of the "Russian party."

VPK has emphasized political democracy in order to become legitimate. Marxism is in its baggage as a science.

Its position has been a difficult one. There has not been the hoped-for breakthrough in credibility, inspite of the decision to emphasize the point that Swedish communism is quite different from the Russian version.

"The Swedish popular movements, municipal autonomy, our history and culture all indicate that Sweden has better prerequisites than the Soviet Union for being the first to introduce democratic socialism," C. H. Hermansson told DAGENS NYHETER.

#### VPK Balancing Act

Jorgen Hermansson says this in his thesis:

"At the same time as VPK has been anxious not to have its picture of socialism linked to the socialism that is practiced in the Soviet Union and other countries, VPK has maintained that basically it still involves the same social system."

His description of VPK's balancing act is that a socialist Sweden must be presented in a way that is attractive to the Swedish people, but experiences from the East, among other things, have forced a more realistic image of socialism to emerge.

According to Jorgen Hermansson the question of democracy came in the foreground in the 1980's, with VPK stressing its basic concept of democracy. At the same time criticism of the socialist countries has been stepped up.

"This new orientation, which has not yet led the party to abandon neoLeninism, was caused more than anything else by the events in Poland," he writes.

#### Breaking Away from Isolation

"Swedish socialism will be one of many flowers with its own very special color and fragrance," C. H. Hermansson used to say in depicting VPK.

VPK's new line is an effort to break the party's isolation. The idea to begin with was to get bigger election returns by tempting Social Democrats to cross over, now it is to unite all socialists into a strong left-wing force in society.

"To come on speaking terms with the Social Democrats or to avoid alienating itself from the Swedish people, the party has felt forced to lay out an attractive line," the thesis states.

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CSO: 3650/85



## CLARIFICATION OF PUBLIC CONFUSION ON NATO DEFENSE DOCTRINE

## Aggressive Plans Denied

Bonn AUS POLITIK UND ZEITGESCHICHTE /Supplement to DAS PARLAMENT/  
in German 1 Dec 84 pp 3-17

/Abstract of article by Heinz Magenheimer, editor of  
OESTERREICHISCHE MILITAERISCHE ZEITSCHRIFT: "Rogers Plan, 'AirLand' Battle  
and NATO Forward Defense"/

/Text/ "Rogers Plan" and "AirLand Battle" refer to differing concepts which must not be confused with each other even though they share many common features. The "strike deep" concept developed by General Rogers pertains only to NATO-planning on a possible European theater of war, whereas "AirLand Battle" represents the new combat doctrine of the United States Army which in a general way deals with the command of brigades, divisions, and corps in combat. In addition to defending against forward enemy forces, both planning efforts share the idea of starting to engage the enemy elements that move up already at an early stage in order to prevent or delay their participation in action on the battlefield in Central Europe.

The "strike deep" plans are guided by the basic intention of edging as far away as possible from the idea of having NATO resort to its own nuclear weapons in order to enhance the credibility of the defense doctrine, something which is to be achieved above all through a "conventionalization" of the instruments of combat and the development of combat action as such. This is by no means a matter -- as is assumed in some places -- of again making a conventional war "feasible"; instead, the basic idea is to prevent any kind of war. In this sense, the combat doctrine behind the "AirLand Battle" has the purpose of giving the commanders on the individual echelons more leeway for mobile combat command in order also offensively to exploit the weaknesses in the enemy's offenses array. In coordination with missions assigned to the air forces, targets are to be engaged in a coordinated fashion up to a semi-strategic depth of about 150 km. But planning attacks on the strategic and semi-strategic scale are not connected with that.

## 'AirLand' Battle Clarified

Bonn AUS POLITIK UND ZEITGESCHICHTE /Supplement to DAS PARLAMENT/  
in German 1 Dec 84 pp 19-30

/Abstract of article by K.-Peter Stratmann, Research Institute for  
International Politics and Security, Ebenhausen: "AirLand Battle --  
Distortion and Reality"/

/Text/ After the topic of missile basing, the discussion on the AirLand Battle directive of the United States Army once again caused profound concern and uncertainty in the published opinion of the FRG and in the "peace movement." Once again, the population is being given the impression as if the United States government was trying to push a new, peace-threatening military strategy through in the Western Alliance. As in the case of the protests against "catching up in armaments," this impression essentially is based on misunderstandings, lack of knowledge, and deception. But this situation can be clarified with the help of the AirLand Battle example much better than for the area of semi-strategic nuclear strategy which is even more difficult and which is much less accessible to public discussion.

Critics maintained that the new command directive of the U. S. Army, Field Manual 100-5 (FM 100-5), which was introduced in 1982, formulates a new strategic doctrine which cannot be reconciled with NATO strategy. This alleged "way of conducting warfare" and "victory strategy" is supposed to have an offensive if not perhaps even aggressive character; it supposedly promotes the spread of conflicts outside Europe to Europe; during crisis situations it presumably would lead to increased instability and it cancels out the "nuclear threshold" in favor of an "integrated" conventional-nuclear-chemical warfare concepts.

These assertions and fears do not withstand critical examination. They ignore above all the fact that the AirLand Battle doctrine is clearly not a strategic doctrine but exclusively spells out basic principles for the semi-strategic and tactical command of units of limited size (corps and divisions). These principles furthermore involve possible operations by American forces on all theatres of war that could be imagined anywhere in the world, for all imaginable types and images of war, as well as in all imaginable types of combat and operations (in other words, for example, all known variations of defense and attack). This is why the AirLand Battle doctrine, as was observed on several occasions by official sources, also describes ideas and semi-strategic possibilities which cannot be applied to defense in the NATO context.

The partly grotesque misinterpretations of the AirLand Battle doctrine, which distort the strategy debate in the FRG, tell us much more about their own troubles and problems than about the subject of criticism. They are symptomatic of some of the vices of contemporary German "political culture" which had already characterized the "debate on catching up in armaments": a penchant toward superficial and premature politization, elementary lack of information on military matters, doing without expert advice, uncritical spreading of slogans which only feed a wide-spread inclination toward hysteria, and finally a deliberate, misinforming propaganda by those "traditionally" communist and autonomous coordinators of the "peace movement" who as a matter of basic principle fight against the past basic security-policy orientation of the FRG.

## CONSEQUENCES OF SOVIET NORTH SEA THREAT FOR NAVY ANALYZED

Bonn WEHRTECHNIK in German Nov 84 pp 20-23

[Article by CDU Bundestag deputy Martin Oldenstaedt: "The Threatened North Flank"]

[Text] Are we--the FRG and other NATO allies as well--doing enough for our naval forces in view of the growing threat from the naval forces of the Warsaw Pact? CDU deputy Martin Oldenstaedt has looked into this question. He is a member of the defense committee and reporter for the chapter "Ships and Naval Equipment." Dr Oldenstaedt comes to the conclusion that the Germans as well must do more and he sets forth some requirements including, for example, the modernization of the Hamburg Destroyers and the Koeln Frigates, the acceleration of submarine development, and the building of a seventh and eighth up-to-date frigate.

Serious security-policy considerations always lead to the same result:

--the threat from the naval forces of the Warsaw Pact, naturally above all from the Soviet Navy, is growing rapidly and throughout the world;

--the automatically resulting reaction of the Western sea nations, especially their leading power the United States, leads to a loss of commitment in the areas of main effort North Atlantic and Pacific;

--the developing gap between threat and deterrence is only made greater by the fact that in addition to a hesitant counterarmament, the Western democracies are granting their national interests equivalence to or even priority over those of the alliance.

#### Strengthening of the Soviet Naval Forces

This estimate of the situation could be substantiated through a detailed comparison of armed forces. But that has been done adequately in many publications and is not to be repeated here. We want only to recall some information and point out some lines of development that are particularly dangerous for the alliance and for us:

The Soviet Union is proceeding at a breathtaking pace in converting its navy from an inshore waters navy to a naval force that can be employed on all oceans. That is recognizable, among other things, through

- the equipping of its submarines with intercontinental ballistic missiles;
- the delivery of attack submarines that are faster, dive deeper, and are able to launch their missiles from a submerged position;
- the fact that the four aircraft carriers of the KIEV class are being followed by the construction of attack carriers that will be nuclear-powered and equipped with all the military resources of naval aviation;
- the approximation of the means of electronic warfare to Western standards;
- and the introduction into the naval forces of third-generation aircraft that fly faster and are better armed.

The introduction of true fighter bombers into the Baltic Red Banner Fleet also determines the changed threat situation in the Baltic Sea along with

- the improvement of the antisubmarine capability;
- the increase in landing capacity; and
- the commissioning of new combat boats carrying the most up-to-date missiles.

The clash of interests within the alliance was particularly clear--even though acknowledged rather belatedly for understandable reasons--in the Falklands conflict. In response to my repeated questions about the effects of this war on our security, I did not receive an answer from the Federal Government until 27 March 1984--hence with a delay of about 2 years and in connection with the use of British and American surface warships in the Persian Gulf--with the desirable clarity: "There can be no talk of gaps in sea defense until--as in the case of the Falklands conflict--a substantial part of the naval forces of a NATO country is not available on short notice for a NATO assignment."

The existence of conflicts of interest within the alliance was openly acknowledged in the statement of the NATO fall conference on 8 December 1982. In that statement, the defense ministers confirm "that the vital interests of the member nations can also be threatened by developments outside of the agreement area" and that "full consideration is to be given to the effects of such developments on the security of the alliance, on its defense capability, and on the national interests of the alliance partners."

The difficulties thus formulated are also what the supreme Atlantic commander has in mind when he repeatedly stresses that he is likewise the national chief of the U.S. Second Fleet also operating in the South Atlantic. During his visit to Germany in July of this year (according to a newspaper report), Admiral Wesley McDonald provided a conceivable example of the problem that he is facing: in view of inadequate available forces, he may be forced to set



priorities and where appropriate to move units to the Caribbean or the South Atlantic. This however, provoked the question: "But who then sees to it that the North Atlantic is kept open?"

#### The Americans React

The Americans have reacted appropriately to the immense shipbuilding program of the Soviet Union, and that is one of the merits of the much-maligned Reagan Administration. Provided that Congress authorizes the commitment of funds, the U.S. Navy will again have reached the strength of 600 ships by the beginning of the next decade. Included among them will be both the modernized World War II battleships of the New Jersey type as well as the newly built spectacular cruisers of the Ticonderoga type that are equal to threats from all dimensions. The core of the U.S. fleet will continue to be at least 15 aircraft carriers, around which the corresponding task forces will be grouped.

#### How Do We Respond to the Challenge?

In the Baltic Sea, in which we alone, along with the Royal Danish Navy, are responsible for our security--and that without reserves and without being able to count on reinforcements from outside

--we will in the foreseeable future have equipped all fast patrol boats with missiles;

--the Tornado aircraft are being delivered on schedule;

--the combat effectiveness upgrading of our reconnaissance aircraft Breguet Atlantic is nearing completion as contractually stipulated;

--the measures to maintain the combat effectiveness of our U 206 have been determined;

--and subject to parliamentary approval, our flotilla of minelaying and sweep forces will soon be equipped with new and fast combat boats.

--For the coordinated utilization of all weapons, the Federal German Navy has created an outstanding operational instrument in the form of the computer-supported navy headquarters.

So reads the official--and reassuring--presentation of our position, which, however, overlooks the following facts:

--Type 143A fast patrol boats that are being delivered still lack the immediate-area antiaircraft system RAM, which was an essential condition for the concept of this boat type.

--With the establishment of the "systematic delivery" of the Tornado, nothing is said about its availability and about the equipment.

--The value of the combat effectiveness upgrading of the Breguet Atlantic may rightly be called into question.



--The development of new Baltic Sea submarines with drive units independent of the outside air was declared to be indispensable just a few years ago because of its "existential importance." The subsequently intended combat effectiveness upgrading of the U 206--with the installation of a FUEWES system as its principal item--was reluctantly accepted as a barely justifiable compromise. We are now having to content ourselves with a preservation of combat effectiveness that obviously cannot dispel "the concern about the submarines" expressed in an interview by Admiral Fromm, the fleet commander-in-chief. His demand is clear: "We urgently need to do something: replace Type 205 and later Type 206 piece by piece, lot by lot."

The situation becomes more alarming when one considers the North Sea as well, and in the revocation of the operational planning limit for the Federal German Navy of 61 degrees north latitude it is thereby neither forgotten nor overlooked that there is more and more pressure from the leading Western power for us not only to direct our attention to the North Sea and Norwegian Sea but also to be available for secondary tasks in the North Atlantic.

We resist this pressure because to give in would result in costs that would either put into question the necessary improvement of the federal budget or would have to be covered at the expense of other budgetary areas. We are just as afraid of the internal altercation about such a shift in emphasis as we are of the renewal of the discussion of basic questions concerning our liberal order.

The result of this behavior is that there is indeed a multitude of brilliant security analyses but that the conclusions drawn from these analyses are only half-hearted, are often hedged and just as often are weighted in varying ways, that is, under opportunity viewpoints. The reproach applies in the first instance to political statements of opinion but unfortunately it is just as valid for military evaluations.

Thus the chief of staff is doubtless correct when he declares that "the Soviet naval armaments policy...is...much more interesting than their nuclear policy," or when, in connection with the interests of the alliance outside the NATO area, he formulates--practically as a demand--the conceivable German contribution as follows: "If we Germans want to go beyond the usual lip service, then we should involve ourselves where it is most practical to do so: in the North Sea and adjacent waters."

But one must ask whether these correct statements are also reflected in the Bundeswehr plan. One can hardly be more spectacular in describing the buildup of the Soviet fleet--which "has long since reached an alarming level for the West"--than was Vice Admiral Bethge, chief of staff of the navy, recently in a situation report to representatives of the press. It must be termed "dramatic" when the highest-ranking German naval officer can no longer exclude the possibility that the Soviet Navy is establishing efficient combat teams with which it can gain naval control "at least regionally," that is, in such important areas of the North Atlantic as the Norwegian Sea.

And it must wake everyone up when Bethge, after reminding them of the basic fact that "NATO is a maritime alliance and depends upon sea routes," continues

as though imploring them: "But NATO must have adequate naval forces. If this potential declines further, then NATO will lose its defense capability and its possibility and capability of maintaining the strategy of 'flexible response'!"

All the more weighty is the answer of the navy chief of staff to the question of what one can do in response to this dangerous trend. It is said to have been: "In my view, nothing at all. There is no chance of strengthening naval armament within the scope of the Bundeswehr planning."

#### My Demands

If I include in this connection the statement of the chief of staff responsible for planning, according to which the task of the Federal German Navy outside of the Baltic Sea has just "not been defined comprehensively enough," and, with regard to what it is to contribute according to that definition, it is in any case "a political task to determine which demands are to be made and how they are to be carried out," then the opposition of a parliamentary representative is liable to be aroused.

The decision in this security matter requires above all and most importantly clear military expertise. Only then is it a matter for the politician in the discussion of the pros and cons to find the best course and to seek majorities for that course.

Following this line of thinking and considering the facts that are known to me as well as with careful thought having been given to all other aspects, I consider five minimum requirements for naval armament that go beyond the planned measures to be indispensable:

--The combat effectiveness upgrading of all Type 206 submarines with the simultaneous intensive resumption of the development work on a boat with a drive independent of outside air. In this way, it could be possible to maintain the engagement effect of our submarines relative to the naval forces of the Warsaw Pact in the Baltic Sea, to meet the improved antisubmarine capability of the Soviets, and to reduce "the concern about our submarines" (according to the fleet commander).

--Acceleration of the development, testing and construction of the submarines of Type 211, which meet the special geographical and hydrographic conditions of the waters of the north flank and that can also make an unlimited contribution to forward defense in the direction of the enemy of the sea routes to be protected even when NATO can not immediately secure sea and air supremacy on its north flank.

--Modernization of our remaining Koeln Frigates and Hamburg Destroyers. "We need these units unalterably" and "they are, after all, good ships," confirms Vice Admiral Fromm, elsewhere adding that a total of 16 frigates and destroyers would be approximately "the expenditure that we would have to make to fulfill our mission," and would "probably be in line with the expectations" that our alliance partners have for us. The evaluation of this requirement must not only consider the fact that a good many of our floating surface ships are obsolete but also that for years to come the F-122 will have to overcome the

same deficiency in the immediately area of antiaircraft defense as the Fast Patrol Boats 143A.

--Immediately construction of the frigates 7 and 8 that were again considered necessary even in the 1981 closed armaments meeting, which as a whole was more inclined to cancel procurement projects. The question of whether these frigates--as originally intended and economically sensible in regard to the series effect--should be modified follow-on models of the Bremen Frigates or--in consideration of apparent trends--ships more like the MEKO Frigates can surely be decided quickly by the experts.

With these ships, the antiaircraft component would be strengthened, we would be in a position to assign units for secondary tasks in the North Atlantic, and they would visibly contribute to convincing the Soviets that we are determined to defend the sea routes that are vital to us in peacetime as well as in war.

--Specific inclusion in national maritime planning of the investigations conducted in the alliance on the NATO frigate NFR 90. As one of the largest industrial nations without any appreciable raw materials of our own, we are more dependent than others on the freedom of the seas. This special interest must also be reflected in our contribution to protecting this freedom.

I have no illusions about the possibility of putting through the above demands politically. I will push them out of conviction and in appreciation of the special responsibility in which I see myself placed as reporter for the chapter "Ships and Naval Equipment."

In closing, I add three viewpoints to my adequately explained motives:

--With the measures that I am calling for, we pursue above all our national security interest. But the associated effort also serves as an example for our alliance partners. Indeed, it gives us the right to expect comparable performance from them as well.

--What is necessary for naval defense is simultaneously a practical contribution to shipbuilding. The resulting prospects for the overall national economy go far beyond the immediate importance of the special shipbuilding.

--For the foreseeable future, our opportunities in regard to material and personnel are not as great as one would like. All the more urgent is it to make optimum use of the limited resources. The navy will "profit" from this constraint when the surprise of the chief of staff in his first fleet visit after taking office has condensed into the secure realization of the planning officer: "How much the navy does, after all, contribute to overall defense with its relatively modest strength!"

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CSO: 3620/191

## EARLY RETIREMENT SOLUTION TO CRITICAL HEADROOM PROBLEM

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 10 Dec 84 p 4

/Article by fy: "Company Commander Beyond Age Limit"/

/Text/ Bonn, 9 December -- On Tuesday, the Federal Cabinet will deliberate on the elimination of the so-called manpower employment bottleneck in the West German Armed Forces. Because of their nonorganic age structure, the West German Armed Forces can hardly take any younger career officers on board and promote them to positions in which they need relatively young and efficient officers, perhaps as company commanders and battalion commanders. Because the numerically very small age classes are ready for retirement now and over the next several years -- in 1986, only 122 officers will reach the age limit -- there are hardly any promotions possible so that there will be no further change in most positions over many years. The consequence of this is a situation where officers considerably exceed the age limit above all in the case of company commanders and battalion commanders; in the opinion of the experts, this will threaten the action readiness of the West German Armed Forces.

The plans which have been drafted and calculated for a long time in the Defense Ministry are aimed at reducing the surplus of officers for the birth years of 1933-1944, amounting to 2,600 officers, by about 1,500. Because career officers as well as extended-service officials cannot be retired prematurely against their will, this can be done only on a voluntary basis. To promote the readiness of career officers to leave the West German Armed Forces ahead of time, the idea is that they would get not only their retirement entitlement which they have earned as of now but also an increase on top of the earned retirement pay which, for officers who are 45, reaches the highest figure with 6 percent of the retirement pay and which decreases by 1 percent with each additional year of life. The idea behind this is that each officer gets retirement pay amounting to at least 71 percent of his active-duty pay. As an additional incentive, according to this concept, they are to get one-time tax-free amount which, in the case of officers who leave the service at the earliest possible time, in other words, at the age of 45, is to amount to 11 times their active-duty pay such as it can be credited to their retirement pay; in the case of those who leave the service prematurely only at the age of 52, this amount would drop to the four-fold figure. Plans drawn up by the Defense Ministry are based on the idea that premature retirement will start in



1986 with more than 300 officers and that it will then end in 1991 with still about 100 premature retirements at gradually slightly declining annual rates. The cost of this model will burden the annual budget with amounts of, initially, less than DM 25 million.

In the opinion of the experts, the manpower utilization bottleneck must be removed quickly if the action readiness of the West German Armed Forces is not to be damaged permanently. There are several reasons for the fact that hardly any change in officer manning slots would be possible over the next several years without some kind of remedy. First of all, when it was built up in 1955, the West German Armed Forces did not get enough officers in the 1925-1934 age classes, in other words, the so-called white age classes. The West German Armed Forces were short more than 3,000 officers in these age classes. They were for the most part replaced by older former World War II officers in the 1913-1924 age classes. Because all of these officers left the West German Armed Forces over the past 10 years and could not be replaced by officers from the only weakly represented white age classes, it was necessary to fall back to the age classes of 1935, 1936, and 1937, of which the West German Armed Forces accepted far more anyway than it could actually use per class in terms of career officers. The West German Armed Forces thus wound up with a surplus of just about 5,000 career officers in the 1935-1944 age classes. Thus, the shortage of newly available slots was now also followed by a surplus as regards the promotion of the career officers who were still on duty. The over-age condition of the officer corps threatens to produce a situation in which, by the end of this decade, the number of 50-year-olds will rise to more than 40 percent and will thus be double of the "required figure" in organizational planning. On the other hand, the number of those who are younger than 40 years will, during the same period of time, drop from the required level, which is just about at 50 percent, to only about a quarter. This means that more than half of the battalion commanders and about 80 percent of the company commanders would be older than their duty assignment would permit. According to the average promotion expectation, a career officer could become a major only at the age of 50. But it would be even more serious if, as a result of the blocking of all manning slots, only as many officer applicants could be taken on board as there are old officers leaving the service -- which would make it possible to meet requirements during the next decade. The premature retirement of about 1,500 career officers could over the next several years defuse the situation to the point where at least the company commanders and battalion commanders could be replaced by younger candidates. Between 1986 and 1991, this would make possible about 6,000 manpower employment changes above all on the lower command echelons such as platoon leader, company commander, and battalion commander, and in this way we would create about 7,500 additional promotion opportunities.

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CSO: 3620/164



## ARMY PERFORMANCE IN 'SPEARPOINT' EXERCISE VIEWED

The Hague LEGERKOERIER in Dutch Nov 84 pp 6-9

[Article by R.H.J.B.: "We Have Once Again Proven That We Can Hold Our Own in an International Situation"]

[Text] As one segment of the NATO "Lionheart" military exercise, the First British Army Corps held an exercise called "Spearpoint," from 17 to 27 September. These war games put into the field about 130,000 men and 21,000 vehicles, from Great Britain, West Germany, the United States and the Netherlands. The Netherlands' share was contributed by the 41st Panzer Brigade from Seedorf, Hohne and Langemannshof. This unit, under the command of Brigadier General T. Hovenier, made up part of the First German Panzer Division on this occasion. "Spearpoint" took place in an area south of the German city of Hanover.

It was a British military exercise, in which, in principle, British military were being trained; and the Netherlands' 41st Panzer Brigade formed part of the "enemy" in the games. This meant that during the first half of the exercise, we were in the offensive and in the second half, we provided delaying tactics and took up a defensive role. On several occasions the British had their own ideas about how to conduct war games. Sometimes they went under the assumption that the battle had to be won, and then it was "The end justifies the means." Like when the wives of British military personnel got maps of the "enemy" Dutch positions, or the British infantrymen just dug themselves in and refused to leave their positions in spite of the instructions of the referees. We Netherlands are not used to that, and we feel that you must conform to certain unwritten rules of the game.

One consequence of the British modus operandi was indeed that the Netherlands military personnel were most alert in carrying out their task; and every British-looking citizen who came into the vicinity with a camera or a map in his or her hands was stopped and sometimes even arrested. On the other hand, it was a pity that the Netherlands could not have a closer experience of how the British carried out their task. Most striking was the fact that during the entire exercise the British wore their NBC [nuclear/biological/chemical] gear bearing no insignia of rank. The fanatical stubbornness of the infantry

personnel in digging themselves in, whatever the soil conditions, was, according to them, a result of the lesson they had learned from the Falklands War. Depending on the amount of time available, either small or large cannon installations were dug as well, making use at times of special corrugated plates brought along for this purpose. Others preferred green plastic sheeting, out of which whole shelters were sometimes built. In addition, it may be stated that the British are masters of camouflage, not only personal disguise, but also methods, for example, in which vehicles could sometimes be "transformed" into heaps of stones. For this purpose they make use of sheets of burlap on which piles of stones have been painted; and in the same way, large work trailers were sometimes made to look like sheds, up to and including painting a half-timber design on them. Most impressive, however, was the British discipline in sustaining camouflage: the British, for example, would never stand in the middle of an open field (50 meters from a woods) beside two jeeps, poring at length over outspread maps!

#### One Hundred Percent Forward

For the 41st Panzer Brigade, it has already been three years since the entire unit was in the field at once; for the two tank battalions, this was their first time maneuvering with the Leopard-2 tank on any large scale. Lieutenant-Colonel E.P. Dirks, commander of the 43rd Tank Battalion, appeared visibly satisfied with the use of this new tank: "As long as the supply of spare parts remains as it is presently, we have no problems and plan to go one hundred percent forward with the Leopard-2 tank. We must, however, clearly take into account the measurements of this tank; it is in any case wider than the tanks we were used to working with. The night-vision lenses let us see so much, almost too much.

We are now able at short notice to move a platoon from left front to right rear and back again without problems, even when the visibility is poor or it is night. The fact that the British dug themselves in immediately was delightful for us, even. In the wee hours of the night, when we observed with our heat-detecting equipment that the British were beginning to dig in, then we knew that they were not planning to march ahead...most delightful! Furthermore, we could then request artillery and mortar support.

In an effort to prevent damage and to conform to other restrictions imposed during peace-time military exercises, we made as much use as possible of the paved roads; every maneuver cannot be turned into a tactical maneuver. And when one must drive on a public highway, I recommend turning on the headlights, and why not indeed put the flashers on, too, as the enemy will have seen you already. During such an exercise as this, the referees, who must determine whether a given action is correct or not, are the most important factor. Sometimes they need a little time to come to an agreement. So you wait an hour or so; that doesn't matter. But getting back to the Leopard-2 tank, I think that we have bought a new tank for a lot of money. In a short time now, we will have had the experience of nearly one year using it, during both great and small exercises and under gunfire. I think that we can state that we have bought good quality. The driver can manage it and the Royal Army can afford it. So all is well, especially for the professional soldier and the draftee stationed in Germany."

### Limburg Rifles Alert in Actions

Although we Netherlanders have no "Foot Infantry" in the Army Corps during peace time, the men of the 42nd Battalion of Limburg Rifles (BLJ) did dig themselves in creditably on a limited scale. Not so fanatically as the British, but that was not necessary, for in the main we have the infantry available; during the exercise the 42nd Panzer Infantry Battalion of the BLJ numbered a good 900 men and 80 caterpillar vehicles. Its commander, Lieutenant-Colonel J.H. de Kleyn, said: "For me and my staff, working on maneuvers with my own staff members and moreover with all my sub-commander colleagues in the brigade, is most instructive, particularly when it forms part of an exercise of larger scope. My opinion is that we shall achieve 100 percent of the goals of the exercise during "Spearpoint." Working in the dark, carrying out a rear action, being occupied 24 hours of the day, all of this produces a kind of tense excitement. Especially with an enemy of another nationality, operating in a different way, who has at his disposal airborne units. But the result is that everyone becomes so alert that never before have we received so many good reports.

Cooperation with German military personnel is not unknown to us and presents no problems. On the occasion of a forward operation by an American division, some previous coordination of efforts did indeed prove to be very important. I must say that the British can turn obstacles to their own advantage, and they knew how to make good use of the terrain." The Limburg Rifles were able to exercise all the forms of warfare, as well as carrying out a forward operation, occupying a gathering place, forming a bridgehead, stopping an attack, and all in accordance with the required procedures for troop movements.

### Sleeping on Straw

Second Lieutenant M.J. Keuss, platoon commander of C Company (anti-tank) had done a great deal of work with the men from his Limburg Rifles in digging in to their position. With the help of a mechanical bucket-chain shovel that belonged to the Panzer Engineer Division, the YPR-765 had been dug in so deeply under the mowed field that only the double TOW-Launcher installation stuck out above it. With agricultural plastic sheeting and a little wood from the farmer, a roomy shelter was built behind the vehicle and provided with the necessary straw on which the infantrymen could sleep by turns. The farmer had been so obliging as to disk-harrow again around the dug-in vehicle, in such a way as to eliminate all traces. The enemy, with his scouting vehicles (Scorpions), his Puma helicopters and his running infiltration teams, brought so much pressure to bear, however, that not much sleep was to be had.

### Artillery Always in Motion

The artillerymen of the battle units, who according to their strict orders, received their instructions and brought their equipment into position, did not even notice that they had a German boss (a German division commander). The staff, on the other hand, was doubly busy because of this arrangement. The commander of the detachment, Lieutenant-Colonel J. Th. Bruurmijn and the head of Section Three, Major L.J. Dorrestijn, had become aware that during the night British "spies" had put their positions on the map. Hence a new location was chosen, and the troops were moved during the night, and that was a

good thing, too: early in the morning, an air-landing took place on their former position. The staff and battery commanders for the 41st field artillery detachment have to be very well attuned to one another. "Half" a word was sufficient during the issuing of commands, for an artilleryman is always in motion and thus requires multiple issuing of commands. The staff of the German division could hardly keep up with the speed at which the Netherlands detachment could carry out its tasks. The artillery pieces were driven onto a field with remarkable care, and in this way not only was damage prevented, but also no traces of passage were left, so that after camouflage the pieces were hardly visible even from the air, and thus the location of the artillery went undetected. It was really too bad that no ammunition could be used.

#### Not Much To Do

Major L.J. Slager, commander of the 41st Repair Company, did not have much to do with his 320 men during this exercise. "The units of the brigade have new material of good quantity and quality, and we informed them in good time about this exercise, and the units were well prepared. The Leopard-2 tank is still in part covered by the factory warranty, and we have had good luck with the supply of spare parts. Three times a day a truck drives up to Camp Trauen, where the quartermaster supply station of the army is located. Furthermore, we at last have the opportunity to put our unit through its military paces."

#### Only Six Complaints of Pain

During this exercise, in which the 41st Panzer Brigade maneuvered as an entire unit, its medical removal organizational chain was also put through its paces. But in addition, a Nonex first-aid station was also set up by the 41st Medical Company. According to Major A. Van Nes, the company commander, the Nonex patients were also removed to the first-aid station by the removal organizational chain. Reserve First Lieutenant Doctor K.F. van Eijk, who treated the Nonex cases, was not very busy, apart from a few bumps on the head, a few sprained ankles or fingers caught in doors, etc. The first-aid station did not have a real admissions capacity. Only a temporary station consisting of a vaulted tent with a few beds. The cases that needed real hospital facilities were taken to Hohne or to a civilian hospital in the area. Similarly, First Lieutenant Dentist E.P.M. Beck, with his state-of-the-art dental field equipment, had in the first week treated only six complaints of pain. It was the first time he had worked in the field, but with this modern equipment, there proved to be no problem whatever in administering any treatment that was called for.

Working under the command of a German division also means eating German food. In practice this comes down to German battle rations, supplemented, for example, with whole hams. The typical German bread packed in plastic with a weight of 100 grams remained good for a rather long time, but it could not be eaten for at least a half-hour after opening the package. For most of the men that took some getting used to. The margarine packaged in a tube and the little one-serving portions of jam were experienced in a positive way. As far as eating out of cans was concerned (disposable dish), for this one was entirely dependent on the quality of the cook.



## Netherlands Military Men Welcome

When the "Spearpoint" exercise was over, Brigadier-General T. Hovenier was visibly a satisfied man.

"We have once again proven that we can hold our own in an international situation and that cooperation with our NATO partners presents no essential problems. It has struck me that pretty nearly everyone felt involved with this event. Among other things, this came out in the maintenance of our good name as far as the amount of damage perpetrated was concerned. The acceptable norms did not in general appear to have been transgressed. Concerning the equipment of our brigade I can only remark that it speaks for itself that the repair company of our brigade had very little to do during the exercise. Given the good relationship we had with the German people, we may confidently state that Netherlands military men are welcomed by the Germans. It is too bad that we could not have switched sides halfway through the exercise; then we would also have been able to work with the British."

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CSO: 3614/43



## PRESSURE ON NATO FOR PORTO SANTO PROJECTS REPORTED

Lisbon DIARIO DE LISBOA in Portuguese 11 Dec 84 p 6

/Text/ Government sources and regional Social Democrats cited by the Portuguese News Agency /ANOP/ believe that the nonresolution of the question of the Porto Santo airport runway expansion project by the Atlantic Alliance could influence the position of the Madeira Regional Government toward NATO.

The question of the Porto Santo airport is a "thorn" lodged in numerous still pending NATO "dossiers," the same sources emphasized.

The island of Porto Santo, with an area of 50 square km, is regarded as an area with inexhaustible potential for tourism not only because of its climatic conditions but also because of the existence of a 10-km long beach, the main promotional attraction in the region.

The regional government-NATO controversy began in 1975-1976 at the time of the construction of a safe harbor demanded for a long time by the population of Porto Santo (a little more than 4,000 persons), which became an imperative need.

In view of the budgetary limitations of the autonomous region and considering the geostrategic importance of Porto Santo associated with the NATO presence--though insignificant--on the island, the possibility of the Atlantic Alliance assuming responsibility for the project began to be viewed as feasible by the regional authorities.

Despite official contacts and contacts through its own channels (government of the republic and military organs) and despite public statements that, while recognizing the importance of the island, were never more than dubious, the situation dragged on without any decision by NATO.

The same sources relate that the postponement of the matter and, above all, the evident lack of "interest" by the Atlantic Alliance contributed to the regional government assuming responsibility for the project, with the consequences to the island budget stemming therefrom.

During 1984, there were the visits of military personalities to the region. The commander of Comiberlant acknowledged the geostrategic importance of Porto Santo but did not comment on the possibility of the alliance carrying out the runway expansion project sought by the regional government.

The airport has been the site of various military maneuvers, as occurred with "Open Gate 84." During the Zaire and Malvinas conflicts, military planes used the Porto Santo airport as a transit point, and during Jardim's official visit to Great Britain in January, that country expressed its thanks for the collaboration rendered by the local authorities.

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## BRIEFS

RAPID DEPLOYMENT FORCE CREATION--A new special forces brigade is being organized in the army. The new military organization will be comprised of special commands and troops quartered in Lamego. The idea of organizing a rapid brigade was based on the possibility of intervention in distant points of the national territory, which requires a force with great mobility and readiness. Well-placed sources told O JORNAL that the army is not in a position to intervene in the Azores or in Madeira in a matter of hours, for example. But with the formation of this brigade, there will at least be a minimum capability of rapid deployment. The new organization will include reconnaissance, field artillery, antiair defense and engineering organic units. The operational plan calls for it to operate in collaboration with the air force, which will not only supply the aircraft but also paratroop battalions. /Text/ /Lisbon O JORNAL in Portuguese 14-20 Dec 84 p 15/ 8711

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## ADELSOHN URGES INCREASED AIR DEFENSES TO PREVENT VIOLATIONS

Stockholm DAGENS NYHETER in Swedish 15 Nov 84 p 6

[Report on speech by Conservative Party leader Ulf Adelsohn to the Swedish Institute of International Affairs on 14 November 1984, by Sven Svensson]

[Text] The present-day security situation in the Nordic region calls for a firmer foreign policy and a stronger defense policy.

So said Conservative Party leader Ulf Adelsohn on Wednesday as he addressed the Institute of International Affairs on the subject of Swedish security policy. Ulf Adelsohn called primarily for more firmness against the Soviet Union and a strengthening of Swedish air defenses.

The chief point in his demand for a firmer foreign policy was that it should be definite and predictable. This is especially true in relations with the superpower that is our neighbor, said Ulf Adelsohn. We must never hesitate to act firmly when firmness is required. We must always show that we are prepared to defend our national interests very forcefully and perseveringly.

We must also respect the interests of the superpowers, said Ulf Adelsohn. But we must never even suggest that we would be prepared to accept or ignore any action of theirs that threatens our national interests. They need to realize that in such situations, Sweden will uphold its national interests as vigorously and consistently as possible.

## Pirouettes

It is the conviction of the Conservatives that a firm policy is respected by the Soviet Union, continued Ulf Adelsohn. We have had peace with the Soviet Union for 175 years. This shows that Sweden's aspiration for peace and independence is respected if we pursue a firm and consistent policy in all areas.

As long as there is the slightest possibility that such a policy can succeed, we will strive to keep Sweden out of war. No special pirouettes are required to convince the world around us of something that is so clearly in our national interest.

But Swedish security policy is not just foreign policy, but also defense policy, the Conservative leader emphasized. We must be able to rely on our military strength. If someone draws the conclusion that it is possible, with limited sacrifices, to use Swedish territory, even peacetime stability in the Nordic region will be affected.

The result might be that one side would be preparing to use our territory, but the other side would be preparing to prevent it from doing so. In that case, our defense of our neutrality would not contribute to stability in Northern Europe.

Ulf Adelsohn feels that the discussions by the present defense investigating committee--which are important--have been characterized by fitfulness and electioneering tactics, especially on the Social Democratic side.

#### New Gap

The strength of the Armed Forces has declined over the past decade. We have indicated two areas where we feel that strengthening is especially necessary, continued the Conservative leader. First, we need to plug the "submarine gap," and second, we need to prevent a new "submarine gap" in our air defenses.

The submarine intrusions are deeply disturbing because of their frequency, the pattern they follow, and their persistence. It is not possible to explain them away as mistakes. If anything, the conclusions reached by the Submarine Commission have been strengthened, said Ulf Adelsohn. We must be credible when we say that we are masters in our own house--even under the water.

Increasing demands are going to be placed on our ability to secure Swedish airspace as a hard-to-penetrate barrier between East and West. Demands must be made for stronger Swedish air defenses than those existing in the military's plans, said Ulf Adelsohn.

#### Contacts

He then discussed the internationalization of security policy. On foreign policy issues, leading Swedish parties have stepped up their contacts with their foreign counterparts, he said. In the new international situation, which involves increased tension in Northern Europe, security policy ought to be discussed among Swedish parties and Swedish party leaders.

If Swedish parties coordinate their views with those of foreign parties, the credibility of our independence in foreign policy will run the risk of being shaken. If important Swedish foreign policy initiatives are decided by foreign party brethren rather than through the Foreign Policy Committee, as stipulated in Sweden's Constitution, the ground will be prepared for conflicts.

On that point, Ulf Adelsohn chose in particular to direct his criticism at the Social Democrats and their participation in the Socialist International, but he was aware that the Conservatives, who work within the conservative organization known as the EDU, also need to be admonished.



## Nordic Zone

In his address, Ulf Adelsohn also brought up the issue of a nuclear-free zone in the Nordic region.

He said that the debate has value, chiefly because it sheds light on central security policy relationships in the Nordic region.

Viewed as a link in agreements concerning a broader European security arrangement, agreements that keep the Nordic region free of nuclear weapons and reduce their presence in the rest of Northern Europe can contribute to stability. The precondition, naturally, is that the agreements must be verifiable and that they must not result in foreign powers being able to influence our conduct in security matters. Our country has nothing to gain from a zone which is free of nuclear bases but which is susceptible to attack, noted Ulf Adelsohn.

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## DEFENSE RESEARCH INSTITUTE'S ACTIVITIES SURVEYED

Stockholm DAGENS NYHETER in Swedish 8 Dec 84 p 56

[Article by Bengt Lindstrom]

[Text] Hollow-charge shells, smelly reindeer meat, fire storms following a nuclear attack, rennet for cheesemaking, and tablets to counteract nerve gas-- there seems to be nothing that researchers at the Defense Research Institute (FOA) are unfamiliar with.

This is clear from the annual report just published by the FOA concerning its activities in 1983-1984.

The report consists of just over 100 pages of dense print that was put together presumably to give our elected representatives and the bureaucrats in our central bureaus the impression that "our preparedness is good," but it makes a reader wonder whether there will be a life after New Year's.

During the year, the FOA had 1,277 employees studying all the devilry in the world at a cost of nearly 295 million kronor.

Of course, devilry is not a concept found in the report, which talks about "threat situations," "protective technology," "countermeasures," "ammunition and weaponry," and "human science research" in connection with crisis situations and war.

Protective technology is an important area. It is concerned with being prepared when the nation is exposed to NBC (nuclear, biological, and chemical) weapons.

#### Lot of Work

The FOA's researchers have done a lot of work on this. In two specially built radiation ovens in Ursvik, they have, among other things, studied the effects of fires during a nuclear explosion, the purpose being to see how a fire storm affects buildings, air raid shelters, and defense materiel.

"If war comes" is not a commonly used expression in the FOA report. The most usual expression is "in wartime." But one article has that title, and it refers to the civil defense instructions in the telephone book.

The researchers found that the public would have no chance of obtaining information if there were a nuclear explosion--even if the blast occurred outside the country's borders.

The electromagnetic pulse (EMP) that follows such an explosion damages or jams not only transmission equipment and communications links but also radio receivers. FM receivers become unusable even at a relatively short distance from the transmitter. AM receivers pull through all right, but that is no consolation, since AM transmitters are being phased out.

The FOA's researchers in bacteriology are concerned not only with death and suffering. At FOA-4 in Umea, they are trying to produce enzymes that will save the country's food supplies in wartime.

#### Important Calves' Stomachs

Thanks to those researchers, the wartime Swede will be able, for example, to keep on chewing cheese sandwiches. Until now, cheese producers have been worried that they would not be able to obtain calves' stomachs if the country were blockaded. Calves' stomachs are currently imported, and they are an important component of rennets used in making cheese. The FOA has found that calf rennet can be replaced with microbial proteases from the Mucor family of mushrooms, and the result is that cheese producers can breathe easy.

FOA-4 helps not only the cheese dealers. Even reindeer owners and swimming pool managers use its services--for a fee.

The Norrland Fund and the Vasterbotten County Development Fund asked the researchers to find out why reindeer meat sometimes smells and tastes bad. And the Board of Occupational Safety and Health had FOA-4 check out swimming facilities after personnel thought they had been exposed to chlorine gas.

#### Tablets Help

The suspected chlorine gas turned out to be chloramines, which are certainly unpleasant but not highly dangerous and can be cleared away by ventilation.

Ventilation is no help against nerve gases, which are life threatening. The FOA's researchers offer two different tablets to help counteract nerve gas damage. One problem, however, is that they must be taken before the gas attack, and it may not always happen that the enemy will give advance warning.

The order to take the tablets may be given in the future by means of the so-called POK box. This is a little box that the FOA came up with. It enables platoon leaders to give orders even if their soldiers are far away or if the noise of battle is too loud. Small blinking lights replace the shout "Fire!".

#### Help From Data

A large share of the activity by FOA researchers consists of gathering data. This is a matter of being informed as to progress in the development of various

weapons in other countries. But data gathering is also used to help the Ministry of Foreign Affairs in its work to prevent the spread of nuclear weapons, and in that connection, the annual report points with pride to the monitoring station in Hofors.

The station has measured about 3,500 earthquakes and explosions, 51 of which were caused by nuclear explosions. These were analyzed and reported to the disarmament conference and others, with the result that the Defense Research Institute has also struck a blow for peace.

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## ARMS DEVELOPMENT, PRODUCTION, EXPORT EFFORTS

Hamburg DIE ZEIT in German 16 Nov 84 p 46

[Article by Fred Haemmerli: "Business Transactions in Total Innocence; Swiss Export Controls on Armaments are Not Very Stringent"]

[Text] There is nervous hustle and bustle in Engadin, which is normally so peaceful. The picturesque village of S-chanf [as published], where one usually meets only skiers and hikers, is crawling with high-ranking military officers, policemen, influential managers and politicians. But the object of their attention is not a state visit under threat of terrorist attack, but the testing of a new "superweapon" of the Swiss armaments factory Oerlikon-Buehrle.

The crucial test of the antiaircraft and antitank system "Adats" is at the same time just as crucial a test for the Buehrle concern of Zurich. It has already invested about half a million marks in the development of the computer-operated missile launcher. The result is--at least from military and technical points of view--impressive. Even in bad weather and poor visibility, Adats in most cases strikes at a distance of 8 kilometers an aircraft or tank approaching at full speed. No other known defense system can surpass its effectiveness.

However, commercially Adats might easily turn into a disaster for the number 1 arms manufacturer of Switzerland. Dieter Buehrle, son of immigrant from Ilsenburg in Germany, has placed all his hopes on Adats. The confidence of the 62-year old man--or his plight--was so great that, contrary to all principles of careful budgeting, he has included a major part of the development costs as "certain" amounts in his concern bill.

But they will be certain only if Buehrle succeeds in actually selling his Adats defense system. There is for the present a hitch. The Swiss defense ministry cannot make up its mind to purchase the expensive system because the acquisition of 380 L-2 tanks will not be leaving any room for maneuver in the arms budget for years to come. But if not even the Swiss military are willing to purchase Adats, hope dwindles about whether buyers can be found abroad. The SCHWEIZERISCHE HANDELSZEITUNG is already grouching that it is hardly presumptuous to claim that "the success of Adats will either make or break Oerlikon-Buehrle."



Concern head Buehrle is pinning whatever hopes he has left on America. Both Canada and the United States are currently testing prototypes of this kind of system. Adats is again in the race, since the competing system "Sergeant York" manufactured by Ford Aerospace (purchase price at least 12 billion marks) has, if anything, been disappointing in its performance during recent tests. Buehrle has had to bury his original expectations of being able to sell also to wealthy Opec countries because of the falling revenues of the oil-producing states.

The development costs of Adats, which have been enormous, have also left their clear marks on the top management of the Buehrle concern. The arms factory has been in the red for 3 years. Last year its losses amounted to over 100 million marks. For the first time in its history, the concern failed to make dividend payments. In the record year of 1979, Buehrle made a net profit of almost 300 million marks. According to Buehrle any profit "is not to be expected" in the current business year.

Of course, Adats alone is not to blame for the difficulties that the Oerlikon-Buehrle Holding Company is having. Only parts of the civilian sector of the concern are producing satisfactory results. The shoe factory Bally, which Buehrle took over from Swiss finance wizard Werner K. Rey, has especially helped to fill the largest holes in the concern's finances. Today Bally accounts for a good quarter of total concern sales of approximately 5 billion marks. Buehrle's highly sophisticated machine tools, however, are suffering from the poor world economy.

But Dieter Buehrle's greatest worries are in the military field. And not only because of Adats. Adats predecessors "Skyguard" and "Seaguard", two land- and sea-based, respectively, antiaircraft systems are being edged out. The completely obsolete twin guns and light antiaircraft cannon from Buehrle's arms factory can still be marketed in the Third World.

However, the Swiss "federal law concerning materiel" largely prevents such sales. It stipulates that an export permit is not to be granted "if the intended export is contrary to the interests of Switzerland" and if materiel is to be shipped to areas "in which armed conflict has broken out, is imminent or where there are other dangerous tensions".

Buehrle himself is not entirely blameless for these export restrictions. The arms export act was toughened only in 1973, after Buehrle shipped cannon to Nigeria during the Biafran war while the Swiss population donated food, medicine and clothing for Biafra. For his illegal weapons deals Buehrle earned 8 months in prison, which were conditionally suspended.

Buehrle nevertheless does not enjoy having his freedom of action limited by such legal prescriptions. He has already threatened several times "to move his production facilities abroad because of restrictive Swiss export policies". In reality, he put his threat in practice a long time ago. Whoever cannot be supplied from Switzerland has good chances of obtaining his Buehrle guns from England or Italy. Thus the Buehrle subsidiary in Milan--Oerlikon Italiana--shipped an antiaircraft system worth over half a billion marks to Abu Dhabi,

which is on the Swiss black list due to its proximity to the Iran-Iraq war zone. Iraq's new combat helicopters are outfitted with a 20-millimeter gun manufactured by Buehrle Great Britain in Gantham. According to a report by the Buehrle company commission in Milan, among the concern's clients are also Iran, Saudi Arabia, Dubai, Morocco, Zaire and South Africa, all countries that may not be directly supplied from Switzerland.

Warring countries obtain radar screens from Buehrle subsidiary Contraves in Rome. Italian law does not define radar screens as materiel, and therefore there are no export restrictions applying to them. "Contraves Zurich and Contraves Rome have divided up the world between them," confirms Claus A. Bon, head of the appropriate group. "From Zurich we supply NATO members and neutral countries, and from Rome every other country." Of course, Buehrle is not the only Swiss weapons manufacturer that has sought to circumvent the law by going abroad. Since 1980, Chilean arms producer Cardeon has been manufacturing Piranha wheeled tanks. The production rights were acquired from the East Swiss firm Mowag in Kreuzlingen. Mowag owner Walter Ruf finds it only troublesome [as published] that the Chilean military junta cannot be supplied from Switzerland itself. "These policies of approving exports have us worried," he says.

The Swiss Industrial Company (SIG) located in Neuhausen at the Rhine waterfall has its automatic rifles produced under license in Chile--at the Fabrica y Maestranza del Ejercito, the armorer of the Chilean army. A fiery appeal ("No assault rifles for murderous hands in Chile!"), which appeared in the TAGES-ANZEIGER published in Zurich as an advertisement placed by Samuel Andres, an employee of the relief organization of the Lutheran churches in Switzerland, failed to prevent the deal. Social Democratic foreign minister Pierre Aubert ruled only that licenses for the production of weapons did not require permits.

So far, another export smash hit made by the Buehrle concern, which the foes of armaments certainly classify as materiel, has not needed special permits--namely, the PC-7. The owner of the concern has thus far been able to ship to all parts of the world--without any interference--330 of these single-engine airplanes manufactured by Buehrle's Pilatus AG in the Swiss town of Stans. They have been labeled training airplanes, although the PC-7 can with relatively minor expenditures be turned into a warplane. The PC-7 is designed to be an ex-factory multipurpose fighter plane. A sales brochure of the Pilatus AG itself points out at once the possibility of installing machineguns and bomb release gear. The planes are converted only in the country of destination so that they not come under the materiel act according to official interpretations of the Swiss government, because they are exported as civilian planes. Thus the PC-7, which is usable for military purposes, constitutes the backbone of the air forces of Guatemala, Bolivia and Burma, where they are employed primarily to defeat anti-government rebels.

Nevertheless, massive protests against these export policies have compelled the Swiss government to reevaluate its position in these matters. Dieter Buehrle, however, need hardly be concerned. An internal paper of the Swiss defense ministry has already concluded that the best state of affairs is the one that already exists.

## ALTERNATIVES TO 40-HOUR WEEK SOUGHT

Stockholm DAGENS NYHETER in Swedish 9 Dec 84 p 14

[Article by Bo A. Ericsson]

[Text] The days of the traditional 40-hour week will soon be over. Almost everywhere in West Europe, a new system is developing: with shorter workweeks, additional days or half days off, flexible hours, innovations, state-supported experiments, the organization of work, and so on.

The change is occurring gradually, but in the long run it may change the pattern of working life considerably.

The country that has gone farthest along this path is Holland, where there is even a proposal now for a 25-hour week.

The background to all this is the record unemployment level. Despite the economic upswing, unemployment is refusing to recede, and in several countries it may even increase further in 1985.

As a result, there simply does not seem to be any other way except to actively use working hours as a means of increasing the number of jobs. More and more governments are now thinking along those lines.

"We have no other choice," say government officials in a tone suggesting a degree of desperation.

At the same time, there is considerable disagreement about the effects that shorter working hours, for example, will have on employment a little further down the road. One committee report often disagrees with another.

Another stumbling block is the question of who is going to pay.

In Sweden, the government, the unions, and the employers have all been unresponsive to the idea of reducing working hours to increase the number of jobs. They do not believe it will work. (On the other hand, the Swedish LO [Federation of Trade Unions], for example, does want shorter working hours further in the future and for social reasons.)

## Cracks in the Wall

But cracks have started to appear in the wall. The SIF (Swedish Union of Clerical and Technical Employees in Industry), for one, has decided that it is now necessary to start using working hours to increase employment. The union adopted that resolution at its congress a few weeks ago, but it was not noticed in all the smoke surrounding the battle over the chairman of the PTK [Negotiation Cartel for Salaried Employees in the Private Business Sector].

Before that, the government had also opened the door slightly to such ideas: introduction of the Youth Law allowing 4 hours of work per day is, in practice, nothing but a way of sharing the jobs--or the unemployment.

In Finland, the SAK [Central Federation of Finnish Trade Unions] and the Social Democrats started down the path in question as far back as last fall, although somewhat cautiously, and in Denmark, there may even be a major dispute over working hours. The Danish LO's first demand in the wage negotiations that have just started is for a reduction in working hours from 40 to 35 hours a week (but not with full wage compensation).

Even if the Danish LO does not achieve the full cutback in hours that it is seeking, most observers believe that the days of the 40-hour week are over.

## Two Courses of Action

The fact that working hours in the West European debate are now being linked more directly and obviously to attempts to increase the number of jobs does not mean that everyone is speaking with the same voice. On the contrary, two different courses of action are being talked about:

1. An out-and-out reduction in working hours. This has been demanded by the West European union movement since the end of the 1970's (and last spring it led to the big dispute involving the metalworkers union in the FRG). Shorter working hours are absolutely necessary if we are to check unemployment, say the unions. Also needed is a more expansive economic policy that will include, among other things, increased public investment.

2. Flexibility--this is the counteroffer by the employers. They want to make working hours flexible and tie them more closely to the scale of production. But by "flexibility" they also mean a wider wage spread and less rigid rules governing the labor market, including the conditions for hiring and firing. They claim that less rigidity could have strong effects on employment.

What the employers definitely do not want is a shortening of working hours without a reduction in wages, since that would reduce competitiveness and increase unemployment. On this point they are supported by most governments.

On the other hand, they can accept the idea of discussing combinations, provided that their own demands concerning flexibility are satisfied.



## Danish Dispute

In Denmark--where there may be a major dispute on this issue--the employers list a number of conditions that must be met: if working hours are reduced, wages (including real wages) must also be reduced, shorter working hours must be combined with flexibility so that no bottlenecks are created, and bigger investments and training efforts must be facilitated.

It is said that if all those conditions are met, a 1-hour reduction may result in 20,000 new jobs in the private sector. (But the employers themselves do not believe that the conditions can be met: there is not enough scope for doing so.)

The situation is, therefore, that even though more and more people in West Europe are claiming that working hours must now be used to solve the employment problem, there is not always agreement on how to go about it. Even so, progress has been made.

The country that has gone the farthest in reducing working hours is Holland (where unemployment currently stands at 14 or 15 percent). In both the public and the private sector, reductions have been made either by lopping off a couple of hours a week or by adding new days off, and generally with a corresponding reduction in pay (among other things, indexed wage increases have been abandoned). Effective in 1985, some of those employed in the public sector will work only a 32-hour week.

Both the conservative government and the unions have their sights set on a 32-hour week within 5 years. The government claims that in 600 large firms where working hours were reduced, 25,000 jobs have been created or saved.

Some time ago, a group of young Social Democratic politicians brought up the idea of a 25-hour workweek combined with a new form of basic social protection. On the whole, all sides in Holland seem to agree today that working hours must be reduced further.

Large groups in Belgium have also gotten shorter working hours, which in most cases they have had to pay for themselves. The goal is said to be a 36-hour week. The government is currently backing a number of experiments with working hours in the firms, and it is claimed that more jobs have already been the result. But unemployment is still at a very high level.

In France, the workweek was reduced from 40 to 39 hours, and the idea was to reduce it further to 35 hours. But the reform was brought to a standstill by the change in policy adopted by Mitterrand. The result of reducing the workweek by 1 hour--a reduction of about 2.5 percent--is said to have been a 0.5-percent increase in employment.

## Even Austria

Even in Austria, which has less unemployment than most other countries, a shortening of the workweek is being discussed. In a resolution passed by Austria's OGB [Austrian Trade Union Federation], it is said that the goal is a 35-hour



week. The workweek in the printing industry has been reduced to 38 hours with half pay for the hours lost.

In the FRG, the Metalworkers Union went on strike last spring to achieve a 35-hour workweek with no reduction in pay. The result was a 38.5-hour week that will become effective on 1 April 1985. Local negotiations on the subject are underway now, but there is disagreement on how the agreement should be interpreted. West German printers have also gotten a 38.5-hour week. The FRG's German Trade Union Federation says that its goal, the 35-hour week, remains.

In Italy, the Socialist central union organization has stated that it will demand a 35-hour week in 1985.

In Great Britain, the TUC [Trades Union Congress] has a standing demand for a 35-hour week, but the demand is not being pushed very hard just now, and opposition is very strong both among employers and in the government.

In most cases, shorter workweeks in West Europe have come about through collective bargaining, often at the local level, in accordance with conditions established previously by the respective governments. This has led to a situation in which a number of different patterns have developed. More flexibility in give-and-take has been possible locally than in connection with central bargaining agreements, especially if the unions have not demanded full wage compensation.

#### Effect

It is considered that the greatest effect of a shorter workweek has been noted in the public sector. The West German unions and others claim, however, that it is becoming appreciable in the private sector as well. Approximately half of the reduction in working time can be offset through rationalization, but the rest must be compensated for with new hires, they say. The effect will be smallest in the small firms.

In contrast to the situation in West Europe, there is currently no debate at all about shorter working hours in the United States and Japan. The fact that the issue has also not been as dominant in Sweden as in the rest of West Europe is felt to be due to the following, among other factors:

1. However one calculates it, Swedish unemployment is lower than in most other countries, and the measures adopted in connection with labor market policy, relief work, and so on are far more extensive.
2. Part-time work is considerably more common in Sweden than in most other places--so a degree of job sharing has already taken place.
3. To a great extent, women in Sweden are already established in the labor market. This is not the case in a number of West European countries, where a large increase in the number of women looking for work is expected over the next few years.

The question that naturally comes to mind is this: what will happen to the issue of shorter working hours in Sweden if we do not succeed--before the next slump--in reducing the abnormally high unemployment we have today in the midst of a boom?

## SOVIET, FINNISH TRADE AGREEMENT FOR 1985 SIGNED

## More Metal Exports to USSR

Helsinki HELSINGIN SANOMAT in Finnish 14 Dec 84 p 43

[Article by Mikko Eronen: "Eastern Trade Structure and Level to Remain As Before"]

[Text] Moscow--A customary commodity exchange agreement without any surprises was signed by Finland and the USSR on Thursday for the purpose of directing next year's trade.

Next year's commodity exchange schedule, in which Finland's imports from the Soviet Union will be slightly more than exports, was signed by foreign trade ministers Jermu Laine and Nikolay Patolichev. Monetarily the agreement will be at the same level as last year's agreement or 37.5 billion markkaa (a full 5 billion rubles).

The agreement is traditional with respect to its structure also: the majority of Finland's imports will continue to be comprised of energy products or primarily crude oil and natural gas, and half of all exports will be comprised of metal industry products and the other half will be comprised of other items such as products of the forest industry, chemical industry, consumer goods industry, and the foodstuffs industry.

Since imports will be slightly greater than exports, this in Foreign Trade Minister Laine's opinion will ensure that the accounts will remain balanced even next year. The special trade account will show zero figures at the end of the year and the actual clearing-account balance has been structured so that an equilibrium will be maintained.

"In Finland we can be satisfied with the results achieved," assured Laine prior to the signing of the agreement in Moscow on Thursday.

The upper and lower limits for various quotas in exports as well as in imports have been given greater consideration than ever before. "This was the case since there was a desire to exercise a certain degree of cautiousness. Both parties, however, will strive to make actual trade reach the upper limits of the quotas if the balance situation will so permit," stated Laine.

## Imported Energy

Thus the major portion of imports will be energy. The amount of crude oil will be 8.5--9 million tons, diesel oil 1.5--2 million tons, and natural gas will be 850 million cubic meters.

The parties have agreed that if there is not a need for crude or diesel oil in Finland to fill the whole quota, then the Soviet Union is prepared to compensate with other products, possibly also with so-called trading-oil.

## Imports of Paper Wood to Decrease

The objectives will not be reached in the importing of timber. There will not be as much timber imported next year as the wood processing industry would have liked. Imports of paper wood, in particular, will decrease.

Laine said that apparently the Soviet Union does not have the resources to accelerate wood exports to Finland within the framework of next year's agreement, but over the long term there could be more timber available for our wood processing industry. An increase in wood imports at this point will be postponed at least until 1986.

## Metal Will Increase

Exports of the Finnish metal industry to the Soviet Union will increase to a value of 9.5 billion markkaa next year. Its proportion of our total exports will increase to one-half. Particular growth will take place in machinery and equipment while the value of ship deliveries, on the other hand, will be less than this year.

The share held by the metal industry and furniture will continue to be approximately 19 percent. It is estimated that consumer goods will comprise approximately 8 percent and foodstuffs will increase to 5 percent of total exports. Also exports of the chemical industry will be around 5 percent. Pharmaceuticals and medical supplies will experience a considerable increase in exports.

## Projects Will Comprise 6 Percent

The share of project exports will make up 6 percent of total exports in the commodity exchange schedule. In previous years it has been even as high as 10 percent. Next year's quota includes only those projects on which a final agreement has been reached, no projects still under consideration. Other quotas will also include project exports.

## Finns Hope for Construction Contracts

Helsinki HELSINGIN SANOMAT in Finnish 14 Dec 84 p 43

[Article by Mikko Eronen: "USSR Hints of Large Projects"]

[Text] Moscow--On Thursday in Moscow Foreign Trade Minister Jermu Laine also conducted negotiations with Deputy Premier Ivan Arkhipov, the new chairman of

the Soviet side of the joint economic commission between Finland and the Soviet Union.

According to Laine's statement, the major portion of the 2-hour discussion was devoted to an evaluation of the future prospects of trade between the two countries. Laine said that he received the impression that the Soviet Union is contemplating several large projects in the forest, petrochemical, and mining industries, for example.

For the time being, no clarification of details has yet been made with respect to the degree that the Finns will have an opportunity to participate in them. No decision at all has been made as to how such large projects can be included within the framework of present trade arrangements and the kind of payment and funding arrangements to be developed in the event they become a reality.

#### Astonishment Expressed at CEMA Trade

The ministers also discussed questions concerning the arrangements for the next meeting of the economic commission to be held in Helsinki in January.

On Thursday Laine also had an opportunity to talk with Vyacheslav Sytshov, the new general secretary of CEMA.

The consultation was primarily devoted to the reasons why trade between Finland and the other CEMA-countries has not achieved the kind of pace that has been achieved in trade between Finland and the USSR. All the opportunities and instruments or the basic structures of commercial activity already exist.

With some countries trade has remained at a standstill, not to mention development.

#### Changes in Clearing Account Procedures

Helsinki UUSI SUOMI in Finnish 11 Nov 84 p 6

[Article: "New Forms of Funding Sought"]

[Text] A work group comprised of Finnish and Soviet trade officials and representatives of business firms is determining the adaptability of the clearing-based payment system to large compensation based projects.

The group is scheduled to meet in Helsinki during the commodity exchange negotiations for next year's trade, which are presently underway.

At this time there are at least two large compensation based projects being planned: Neste's petrochemical section is negotiating projects connected with the production of gasoline and Outokumpu is negotiating a project concerning the treatment of nonferrous scrap metals.

"New forms of funding must be found since in these projects Finnish plant deliveries and their reimbursement with the products of the plants in question

will probably go beyond the terms of the five-year general agreement and will thus interfere with the Clearing-based payment system," says Deputy Director Yuriy Piskulov of the Western Trade Administration in the Soviet Foreign Trade Ministry.

Piskulov also points out that compensation based trade is not in any case a basic form of cooperation in the conduct of Soviet-Finnish trade and normal trade cannot be corrected on a compensation basis.

A clarification of the funding for compensation transactions is part of the preparatory work for the new five-year term beginning in a year. Finnish and Soviet trade will amount to approximately 28 billion rubles during the term of the new general trade agreement. At the same time trade between the countries is beginning to more clearly expand into a productive cooperation.

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CSO: 3617/42



## CENTRAL BANK'S CURRENCY RESERVES REGISTER LARGE INCREASE

Helsinki HELSINGIN SANOMAT in Finnish 21 Nov 84 p 3

[Article: "Bank of Finland's Currency Reserve Growing"]

[Text] The Bank of Finland already has 19 billion markkaa worth of term contracts in Western currencies. With term agreements the Central Bank ties up currencies, which would otherwise produce a visible currency reserve.

If the Bank of Finland did not conclude term agreements, the banks would bring a corresponding amount of currency into the country.

In August the total amount of term agreements in currencies held by the Central Bank was 17 billion markkaa or the flow of currencies into Finland has only become stronger. When the term agreements and the visible convertible currency reserve are calculated together, Finland's total convertible currency reserve is 37 billion markkaa, six times the amount that it was a year ago.

The Bank of Finland has declared the total value of term agreements to be secret information. The bank will announce the amount of the agreements in a few months. The total value of the agreements for August was made public only this month.

The bank justifies its secrecy by the fact that if the amount of the term agreements is made public, the bank's policies could be determined from it.

Finland's growing currency reserve is being treated in a money market report.

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CSO: 3617/42

## 1985 BUDGET PRESENTED TO CHAMBER OF DEPUTIES

Athens I KATHIMERINI in Greek 29 Nov 84 pp 1, 3, 4, 8

[Article by Nikos Nikolaou: "1985 Budget Planned as Campaign Material. Submitted to Chamber of Deputies Last Evening by Ger. Arsenis. 'Tax Cuts' Hit the Middle Class"]

[Text] The 1985 budget, which was presented last evening to the Chamber of Deputies by the Minister of National Economy and Finance Ger. Arsenis, strengthened the widely-held impression that in view of the difficulties that political developments may present (electoral law, election of the president, etc.), the government is preparing for the possibility of calling early elections in the spring. Thus, the budget expenditures show a special rise and despite the fact that the fiscal deficit will rise, the government is providing tax exemptions in 1985 for wage and salary earners and farmers and is announcing an increase in farmers' pensions, while it avoids clarifying when and how quickly it will move next year to increase the price of petroleum products and adjust the prices of electricity, tickets, etc.

Arsenis merely said that these increases will occur in stages and not suddenly, so as not to fuel inflation.

Still, the government will take much more from the taxpayers as a whole than it will give. Tax exemptions will cost the budget 27 billion drachmas, while on the other hand total tax revenue will increase by 270 billion drachmas.

Thus, to balance the exemptions for low-income classes, there will be a large-scale increase for the middle classes, i.e. for liberal professionals, merchants, artisans, and better-paid wage and salary earners. At the same time, 1985 will see a merciless drive to clear up still pending old tax cases, in part through the fault of the tax authorities themselves.

The following figures indicate the nature of the new budget:

1. The state general budget outlays will amount to 1,784.3 billion drachmas in 1985, compared to 1,400.4 billion this year. This is an increase of 27.4 percent, while inflation is reckoned at around 16 percent. Fiscal management, that is to say, will be expansionary.

2. The total revenue will rise from 1,026.5 billion in 1984 to 1,330 in 1985, an increase therefore of 29.6 percent. However, tax revenue specifically will increase from 855.5 billion to 1,125 billion, or 31.5 percent. Revenue from direct taxation will rise from 263.1 to 378.4; i.e. it will increase by 43.8 percent, while Arsenis said that disposable income will rise by 22 percent.

This constitutes hypertaxation, as it has already been noted, at the expense of middle and upper incomes, as part of PASOK's populist policy, which redistributes income among wage and salary earners, instead of increasing the total income for all of them, while on the other hand some professionals will literally be sucked dry since old outstanding debts will be collected all at once. Thus, while it is estimated that this year 38 billion will be collected from old pending cases, in 1985 the government aims to collect 94 billion, or an increase of 147.4 percent.

ND described the budget as the most wicked ever drawn up and warns that it will speed up inflation as well as Greece's indebtedness.

Arsenis claimed that no new taxes will be imposed except for:

1. The increase in the cigarette tax, which will vary from 4 to 13 drachmas a pack.
2. A tax of 300-500 drachmas on each trip abroad.

It is certain, however, that taxes on fuels and imported goods will significantly increase tax revenue.

#### The Exemptions

At any rate, authoritative economic circles noted that:

1. Tax rates are indexed for the first time this year and at a rate greater than the expected rate of inflation. The result is that taxes will absorb a smaller proportion of income; i.e. disposable income will increase more than real income. Obviously this was done because in all probability the 1985 income policy will be limited to the Automatic Cost of Living Adjustment [ATA].
2. Social spending receives particular emphasis. Thus, while the regular budget's total spending will increase by 28.8 percent, spending for education will increase by 32.9 percent; for agriculture, by 36 percent; and for health-welfare, by 42.4 percent. Naturally many of these increases were planned with one eye perhaps on the election campaign.

#### The Deficit

The deficit will increase, and the deficit of the 1985 state general budget will reach 454.1 billion drachmas, compared to the 373.8 it will be this year. Obviously, however, the deficit will be more than that in the end, because campaign expediency will cause spending to exceed forecasts, while revenue, which has been exaggerated, will fall short.

There will also be a significant increase in the public enterprises and organizations deficit, which will reach 105.2 billion drachmas, compared to 90.8 this year and 48.6 in 1981. The deterioration seen in some of these this year is striking; DEI [Public Power Corporation], for instance, was projected to have a surplus of 1 billion but will have a deficit of 5 billion drachmas!

Note that to calculate the real deficit weighing on the economy, we must also include with the national deficit the large losses of the private companies (problematic and others) that have come under state control.

#### Public Debt

The large deficits lead to an increase in external borrowing. In the 3 years of PASOK government, total public debt has risen from 671.8 billion in 1981 to 1,791.2 billion at the end of this year, having almost tripled, while as a percentage of national income, it has increased from 28 percent in 1980 to 49 percent in 1983.

As a result of this great increase, the outlay to service the debt already constitutes an intolerable burden on the budget. Thus, while in 1981 the budget allocated 82.7 billion for that purpose, in 1984 it will allocate 172, and for 1985 the outlay will reach 251 billion drachmas.

(The tax cuts are described in more detail on the economic page, while the principal points from the budget's introductory report are on page 4.)

The following are the principal points from the cover report on the 1985 budget, which Minister of National Economy Ger. Arsenis presented to the Chamber of Deputies.

The major characteristic of the 1985 budget is that it does not impose substantial new taxes.

Also, through a series of measures, it gives further support to the low and middle incomes of workers and pensioners, while at the same time it provides tax cuts to a wider range of incomes. This, of course, will result in the loss of tax revenue in the amount of some 25 billion. Further, the ratio between direct and indirect taxes is improved by 2.9 percentage points in favor of direct taxes.

The principal provisions intended to reduce the tax burden are: introduction of new tax rates; increase in tax credits; increase in the maximum amount of wage and pension deductions from 220,000 to 255,000 drachmas; granting for the first time to merchants and artisans an income credit of 44,000; extending to all workers the right to deduct a percentage of their rent; extending the exemption from stamp duties on housing loans for a first residence to the remaining categories of workers; increasing farmers' tax-exempt gross income from 1,250,000 to 1,650,000 drachmas.

Thus, the tax-exempt income of a married wage-earner with two children will be increased from around 561,000 drachmas to 675,000 drachmas, or an increase of 21.4 percent.

The tax burden on a married wage-earner with two children and an income of 800,000 in 1985 will decrease by 64 percent in constant drachmas (1984). The corresponding decrease for an income of 1,000,000 drachmas will be 27 percent.

A merchant with a spouse and two children and an income of 580,000 drachmas in 1984 will have his taxes cut by 74 percent in constant drachmas (1984).

A free professional with a spouse and two children and an income of 580,000 drachmas will have his taxes cut by 50 percent in constant drachmas (1984).

Furthermore, spending in this budget is aimed at helping low and middle income people, through a significant improvement in social benefits for the people's health, welfare, and education and for agriculture. Specifically, the budget projects allocations of 247,110 million drachmas for the sectors of health-welfare and social insurance (an increase of 38.7 percent); 169,800 million drachmas for education (an increase of 30.1 percent); and 98,444 million drachmas for agriculture (an increase of 36.0 percent).

Most of this spending will go to implement the ESY [National Health System], which will begin to function in 1985, and to provide greater protection and social benefits to less well-off segments of the population.

In addition, significant sums will be allocated to complete the programs to upgrade education and to improve and protect agricultural production and farmers' incomes.

The general state budget for 1985 was drawn up in the same spirit of fiscal discipline that characterized the drafting and implementation of the budgets of the previous 3 years. It falls within the framework of the 5-year program and is intended to promote the effort to achieve growth as well as to promote the structural changes in the economy which are the necessary preconditions for an increase in the productivity and competitiveness of the various sectors of the Greek economy. Though it does not lack those elements which must characterize it as a fair and socially acceptable redistributive budget, the budget for 1985 promotes the growth dimension. Thus the investment deficit forms a larger percentage of the total deficit than in the previous year, 56.2 percent compared to 54.9 percent. At the same time a large portion of consumption spending is in support of developmental programs (spending for ESY, office computerization in ministries, etc.). Thus the deficit on pure consumption is reduced still further in comparison with previous years.

#### 1. Developments in the Greek Economy

The year 1984 marks the end of the recession begun in 1979 and the Greek economy's transition to a steady, upward course. This year the Gross Domestic Product [AEP] (in production factor prices) shows an increase of 2.4 percent, much more than the original prediction of 1.5 percent. Compare this



improvement with an increase of 0.3 percent in 1983, no change in 1982, and a decline of 0.2 percent in 1981.

The fact that this increase in the gross AEP is due not only to the agricultural and services sectors but also to the recovery in manufacturing production emphasizes the more enduring nature of this upward movement. The 1983 and 1984 economic policy of stabilizing the Greek economy is beginning to bear fruit, and the current recovery must be viewed as a sign that the Greek economy has begun to move to a new, self-propelled growth track within the framework of the 5-year program.

In 1984 it is calculated that inflation will be held to 18.5 percent, compared to 20.2 in 1983, 20.9 in 1982, and 24.5 in 1981. It should be stressed that inflation would have been around two or three percentage points lower in 1984 if the rise of the dollar had not upset exchange rates on a global scale.

Developments in the balance of payments can be considered favorable, since the current accounts deficit will not noticeably exceed last year's levels. The favorable conditions taking shape in 1984 as a result of economic policy constitute a healthy basis for the recovery to continue on in 1985 and at the same time a basis on which to deal with the economy's structural weaknesses. The government's economic policy for 1985 will see that these targets are met.

## 2. General Budget

The general state budget for 1985 appears as follows:

The General State Budget (in millions of drachmas)			
Item	1984 actual (estimated)	1985 projection	% change
Revenue	1,026,514	1,330,000	29.6
Ordinary budget	929,400	1,215,000	30.7
ELEGE <sup>*</sup>	85,000	95,000	11.8
PDE [Public investments budget]	12,114	20,000	65.1
Spending	1,400,400	1,784,100	27.4
Ordinary budget	1,098,000	1,414,100	28.8
ELEGE <sup>*</sup>	85,000	95,000	11.8
PDE	217,400	275,000	26.5
Deficit	373,886	454,100	21.5
Ordinary budget	168,600	199,100	18.1
ELEGE <sup>*</sup>	---	---	---
PDE	205,286	255,000	24.2
Deficit as % of gross domestic product	10.2	10.2	

<sup>\*</sup>Special Account for the Guaranteeing of Agricultural Products

The 1985 general budget's total deficit is projected to be 454.1 billion.

### 3. Ordinary Budget

Total revenue in the ordinary budget is projected to be 1,215 billion in 1985, compared to 929.4 billion in 1984, an increase of 30.7 percent. Contributing factors in this increase will be the more effective fight against tax evasion, the clearing up of old tax cases, and the natural increase in tax revenue resulting from the continuing economic recovery and the rise in incomes. Additional revenue is expected from the increase in the tobacco tax and from the tax to be levied in drachmas on departures from the country by air and otherwise.

Thus tax revenue is projected to rise by 31.5 percent, direct taxes by 43.8 percent, and indirect by 25.2 percent. Direct taxes provide 33.6 percent of total tax revenue, and indirect taxes 66.4 percent. Consequently, in 1985 the ratio between direct and indirect taxes is projected to improve by 2.9 percentage points.

Allocated spending in the 1985 ordinary budget and the reserve together are projected to be 1,414.1 billion, an increase of 28.8 percent compared to 1984. In 1985 particular emphasis will be given to the sectors of health-welfare, social insurance, education, agriculture, and environment. Thus 1985 can be viewed as the year of: real implementation of the ESY; special care for those suffering unfairly; further protection for farmers and the uninsured; and sounder organization and operation of all levels of education. Of the total allocations, the sum of 94.7 billion--which represents 6.7 percent of the whole--has been transferred to the nome budgets, which is an increase of 40.0 percent compared to 1984. This shows the quick pace at which the government is moving to transfer resources and responsibilities to the regions to complete the regional programs.

Regular Budget Spending by Category  
(in millions of drachmas)

Category of spending	1984 actual (estimated)	1985 projection	% change
Salaries-pensions	442,770	552,077	24.7
(Currently employed)	(262,000)	(328,998)	(25.6)
(Pensioners)	(105,470)	(130,000)	(23.3)
(Subsidies for wages)	(50,800)	(67,362)	(32.6)
(Other grants)	(24,500)	(25,717)	(5.0)
Public debt service	172,000	251,000	45.9
Proceed from revenues of third parties	66,360	89,494	34.9
Returns of taxes paid, etc.	68,000	48,000	-29.4
(Exports interest rates)	(38,000)	(24,000)	(-36.8)

(Chart continued on following page)

Regular Budget Spending by Category  
(in millions of drachmas)

Category of spending	1984 actual (estimated)	1985 projection	% change
Subsidies	57,270	76,895	34.3
Grants	130,530	149,060	14.2
Transportation organizations deficits (Athens and Salonica)	(10,264)	(10,264)	---
Other spending	161,070	227,574	41.3
(Capital spending)	(2,850)	(4,165)	(46.1)
(Social spending)	---	(15,030)	---
(Payments to EEC)	(27,652)	(36,750)	(32.9)
Reserve	---	20,000	---
Total	1,098,000	1,414,100	28.8

Spending on pay and pensions is projected to be 552.1 billion in 1985, compared to 442.8 billion in 1984, an increase of 24.7 percent. This spending increase is due to: incomes policy spending in 1985, the difference arising from the May and September 1984 indexing rates on an annual basis, and the pay raise coming into effect with the implementation of the new pay scale for public employees. It is also due to the projection of very little new hiring. Finally there is the spending projected for costs that will arise from passing the bills on providing pensions to OTA [Local Self-Government Organizations] employees, for the increase in military pensions which has already been announced, and for pensions for National Resistance fighters.

Servicing the public debt will absorb 251 billion in 1985. This increase in comparison with 1984 is due to the rise of the dollar, to the higher interest rate of interest bearing bonds, and to the increase in the public debt.

Agricultural subsidies are projected to increase by 34.3 percent. This increase is due primarily to increased support and subsidies to agriculture.

The increase in spending for grants is due primarily to the increased grants to OTA's, to the National Youth Foundation and the New Generation [Ministry], to medical and humanitarian institutions, as well as to institutions of higher education (AEI's [Higher Educational Institutions], TEI's [Technological Training Institutes], and other schools).

The category of "other spending," which also includes spending for equipment purchases (primarily computers), spending of a social character (spending on ESY), as well as payments to the EEC, is projected to increase by 41.3 percent, primarily because of the increase in social spending, but also because of spending on purchases of durable goods (computers, etc.).

A 7009.2 million spending increase is projected for the Ministry of the Interior. This is due primarily to the increase of 3,000 million in ordinary aid to ATA's. Apart, however, from the ordinary aid, the OTA's also receive from the regular budget the revenues which are collected for them, and also from other resources which have been transferred to them recently. Thus for 1985 total grants and other resources allocated to the OTA's will be 33,278.1 million drachmas.

It must also be stressed that in 1985 the state is taking over the payment of municipal employee pensions, thus freeing the OTA's from yearly payments of some 3,000 million they have made up to now. For comparison, this must be added to the amount above. Thus the total transfer of resources to the OTA's will be some 36,278 million in 1985.

#### Spending by the Major Ministries

Ministry	1984	1985	% change
Ministry of the Interior	32,070	39,079	21.9
Ministry of Justice	9,900	13,600	37.4
Ministry of Education	112,910	150,000	32.9
Ministry of Agriculture	72,350	98,444	36.0

Spending by the Ministry of Justice is projected to rise by 3,700 million. This increase is due to: pay raises for judicial functionaries and employees resulting from the implementation of the pay arrangements taking effect this year with the uniform pay scale; reviving old justice of the peace courts and creating new ones; increasing the number of regular positions for judicial functionaries and employees; increasing the grant to the Society for the Protection of Ex-Convicts and Minors; and the expense of relocating the judicial services and the Council of State.

Spending by the Ministry of Education is projected to increase by 37,090 million in 1985, an increase of 32.9 percent. This increase primarily reflects: the pay raises for personnel resulting from the implementation of the uniform pay scale and of the new pay scale which will be introduced for the teaching personnel at the AEI's; and the improvement in operating conditions in primary and secondary schools and in institutions of higher education. It is also due to: the improvement in university students' daily stipend; the publication of university text books by OEDV [Organization for the Publication of Text Books]; filling vacant positions at AEI's and TEI's, as well as elementary, secondary, general, and vocational schools; and passage of the bill on the structure of secondary education.

Spending by the Ministry of Agriculture is projected to increase by 6,468.7 million in 1985, not counting the deficits from agricultural products management and subsidies. This increase is due:

--To the grant to the Central Fund for Agriculture, Livestock-Breeding, and Forests to cover the expenses of carrying out its programs, and to the increase in the grant to PASEGES [Panhellenic Supreme Confederation of Unions of Agricultural Cooperatives];

- To filling the 839 positions for scientific personnel (agricultural, forestry, and fishing specialists) established by the recent law;
- To the founding of vocational agricultural schools;
- To the creation of the Organization for Agricultural Production Insurance;
- To the establishment of 48 new nome surveying groups;
- To restructuring the computerized data-processing center; and
- To widening the campaign against the olive-fly.

The increase of 1,476 million drachmas in the spending by the Ministry of Civilization and Sciences is due to the expense of employing 400 guards and night watchmen all year round at museums and archeological sites. It is also due to: support for cultural decentralization to bring a larger number of shows to the provinces to raise the cultural level of the people; grants to cultural organizations; and the costs that will result from passing the bill on developing the cinema.

Spending for health-welfare and social insurance is projected to rise by 64,410 million, or 37.9 percent. The following table provides a breakdown of spending on these three categories:

Spending on Health-Welfare-Social Insurance  
(In millions of drachmas)

Category	1984	1985	% change
Health	69,300	95,868	38.3
Welfare	22,800	35,242	54.6
Social insurance	78,000	103,400	32.6
Total	170,100	234,510	37.9

In 1985 the primary goals of these three sectors will be as follows:

a) In the health sector, from the start of the year, the hospital doctor system will begin to be implemented, with the hiring of 6,500 doctors on a full-time and exclusive basis. Also, by the end of 1985, 185 rural health centers are to be constructed and in operation.

For this system to function adequately, it will be necessary to take a series of measures intended to create the necessary additional infrastructure, to improve the existing infrastructure in the health sector, and to improve the quality of the care being offered.

Among these measures are: the program of repairs and improvements to the hospital outpatient clinics (buildings and equipment); creating new secondary technical vocational medical-care schools; reforming the higher schools of nursing; improving and remodelling hospital buildings; adding to and



modernizing scientific equipment; constructing health examination areas (for regional medical offices) in the provinces; implementing a preventive medicine program; biomedical research; mental health programs in cooperation with the EEC.

b) In the welfare sector it is planned to appoint new personnel to staff the state nurseries and child care centers to improve the level of service being offered. It is also planned to extend welfare allowances to various categories of people (such as those suffering from syngenic hemolytic anemia, the deaf and dumb, the blind, etc.) to provide for these peoples' needs at a reasonable level. Finally, it is planned to implement programs of vocational training for the handicapped to reduce the problems they face as a result of their handicap. These are partially financed by the EEC.

c) Spending for social insurance will increase in 1983 [sic] by 25,400 million. Among the other goals of the Ministry of Social Insurance is to extend International Labor Convention Regulation 103/52 for supporting motherhood and rural women.

A large proportion of the Ministry of Social Insurance's spending will be absorbed by OGA [Farm Insurance Organization]. More specifically, among OGA's other goals is to raise farmers' pensions and better protect agricultural production, by providing more anti-frost equipment.

The increase of 1,577 million in the Ministry of Communications' spending (not counting grants to transportation agents) is due primarily to the establishment of 22 new KTEO's [expansion unknown] in 1985 and to the expense of providing the remaining equipment necessary to automate air traffic at the 9 airports opened in 1984.

#### The New Measures--Tax Provisions

The new tax arrangements are intended to drastically reduce the personal income tax burden. Given the significant reduction in tax evasion in previous years and the prospects for more effective capture of taxable matter in 1985, the government will take a series of measures which will significantly lighten the burden on all taxpayers, and particularly that on taxpayers with low and medium incomes. Thus the new tax arrangements particularly favor wage-earners and pensioners, as well as merchants, artisans, and liberal professionals.

The specific provisions of the personal income tax are as follows:

1) New tax rates are introduced which not only protect income against inflation but significantly increase real disposable income.

Table for Calculating Personal Income Tax

Income Scale	Tax rate	Scale tax	Total income	Total tax
First 104,000	0%	0	104,000	0
Next 47,000	10	4,700	151,000	4,700
" 52,000	12	6,240	203,000	10,940
" 58,000	14	8,120	261,000	19,060
" 64,000	16	10,240	325,000	29,300
" 70,000	18	12,600	395,000	41,900
" 93,000	20	18,600	488,000	60,500
" 116,000	23	26,680	604,000	87,180
" 116,000	26	30,160	720,000	117,340
" 116,000	29	33,640	836,000	150,980
" 139,000	33	45,870	975,000	196,850
" 139,000	37	51,430	1,114,000	248,280
" 139,000	41	56,990	1,253,000	305,270
" 174,000	45	78,300	1,427,000	383,570
" 232,000	49	113,680	1,659,000	497,250
" 464,000	53	245,920	2,123,000	743,170
" 930,000	57	530,100	3,053,000	1,273,270
" 1,620,000	61	988,200	4,673,000	2,261,470
All other income	63			

2) Tax exemptions are increased and are fixed as follows:

For the taxpayer	3,000 drachmas
For the spouse	11,500
For the first child	14,000
For the second child	18,500
For the third child	25,000
For each other child	46,500
For other dependents	6,000
For the handicapped taxpayer	24,000
For other handicapped members	17,500

3) The maximum exemption for salaries, pensions, and wages is increased, from 220,000 to 255,000 drachmas.

This exemption in income from salaried services is calculated at 50 percent for income up to 510,000 drachmas.

4) Merchants and artisans too (income from source IV) are granted an income credit of 44,000 drachmas with no supporting documentation, so that they will be treated by the tax system the same way as the liberal professions.

5) For pensioners over 65 the total tax-exempt income from all sources is increased from 250,000 drachmas to 350,000, an increase of 40 percent.

6) All taxpayers now receive the right to deduct the amount of the rent on their principal residence from their income. Until now only wage-earners and pensioners had this right.

- 7) For wage-earners and pensioners the rent deduction is increased an additional five percent for each of the first two children and by 10 percent for each additional child.
- 8) There is an increase from 5,000 drachmas to 10,000 in the additional tax exemption granted to widows, widowers, divorced persons, and unmarried mothers for each child up to 14 years old.
- 9) The salaries of KATEE [Higher Technical and Vocational Training Centers] and [TEI] Technical Education Institute graduates too will now be tax-exempt for the first 5 years they work as a free professional.
- 10) The remaining categories of workers too will now be exempt from stamp duties on housing loans for a first residence, on the same conditions now in force for public employees.
- 11) For farmers the amount of tax-exempt gross income is increased from 1,250,000 drachmas to 1,650,000 (an increase of 32 percent).
- 12) A tax of 500 drachmas is imposed on departures from Greece by air, and of 300 drachmas on departures by other means.

#### Measures To Simplify the Tax System and Fight Tax Evasion

The government has already proven that a basic aim of its policy is to limit tax evasion, a phenomenon which robs it of resources necessary to carry out its growth and social program. For this purpose, again in 1985 the government will continue the effort begun in 1982 to simplify the tax system and fight tax evasion. Thus:

- a) To accomplish these goals, the government will complete the computerization of the customs and unified economic groups services, which will help to more effectively cross-check tax data, better assess taxable matter, more quickly deal with the pending tax cases, and better serve the citizen.
- b) In 1985 too the government will introduce the single net profit rate system on business turnover for determining taxable income. This measure will help strengthen taxpayers' confidence in the state and will significantly reduce disputes between taxpayers and tax authorities, and at the same time tax cases will be cleared up more quickly.
- c) The recently announced measures to assess objectively the value of real estate when it is transferred by way of sale, inheritance, gift, or parental provision are intended to simplify procedures and complete cases quickly but above all to free taxpayers from the problems created by the present system of compromises.
- d) The amendment to the Tax Data Code and the introduction of the dispatch report as the sole accompanying tax element in the movement of goods significantly limit the ability to conceal taxable matter. Thus these provisions will secure increased tax revenue which escaped with the present

system and at the same time will create the conditions necessary for the gradual normalization of the market.

e) Finally, the bill on tax evasion that will be introduced in the Chamber of Deputies shortly will, among other things, introduce the sampling system for checking tax declarations. This system will simplify the checking procedure and free a significant number of employees who will, thanks also to the personnel rearrangement and the reorganization of the services, turn primarily to substantive checking of major tax cases. With this system of tax checks, the government considers the taxpayer honest as a general principle and thus creates the preconditions for making the citizen yet more honest in tax matters.

#### Transactions with the EEC

For 1985 total payments to the EEC are projected to reach 36.8 billion, an increase of 32.9 percent compared to 1984, while total receipts will amount to 136.5 billion, an increase of 17.6 percent. Thus net receipts from the EEC are projected to reach 99.7 billion.

This lower increase in projected net revenue in 1985 compared to 1984 is due both to the reduction in the percentage of returns for monetary contributions based on the gross domestic product (10 percent in 1985, compared to 20 percent in 1984) and to the restrictions in the entire ECC budget for 1985, due to the exhaustion of its own resources from the one percent value-added tax. This last means that the 1985 community budget will not suffice to meet the whole year's spending, with the resulting need for a supplementary budget in 1985. The council of budget ministers has already committed itself in this regard.

As regards in particular the changes in our country's contributions for 1985, the significant increase of 32.9 percent compared to 1984 is caused not only by the reduction in returns mentioned above (the 10 percent will be the last we receive) but also by the increase in our other contributions, such as agricultural contributions (133.3 percent), sugar contributions (48.1 percent), etc.

As for receipts, these are projected to increase because of the expected increase in the production of certain products, such as [olive] oil, as well as because of new activities falling under policies financed by the community budget.

#### 4. Public Investments Budget

Like last year, the Public Investments Budget [PDE] aims to promote the economic and social goals of the 5-year program. The basic aim of the public sector's investment policy is to speed up the construction of infrastructure works that contribute directly to economic growth and meet urgent social and cultural needs. At the same time, total PDE spending has been set with the aims of creating favorable conditions for achieving a satisfactory rate of growth in the gross domestic product, and of holding the deficit to the same percentage of the gross domestic product as in 1984. Finally, as part of the

1985 PDE, the Special Program to Combat Unemployment will continue to select and to construct projects for increasing employment in all the cities and towns of this country which have higher unemployment rates.

#### PDE Totals for 1985

Total PDE spending was set at 275 billion drachmas, an increase of 25 percent compared to the corresponding amount for 1984 and an increase of 26.5 percent compared to actual projected spending in 1984. If interest payments and administrative expenses are not counted, the PDE outlays for 1985 show an increase of 25.9 percent compared to the corresponding outlays of 27.7 percent in 1984.

Note that the national PDE includes 16 billion which has been held for reserves as well as 7 billion allocated to financing the Special Program to Combat Unemployment. It should also be noted that the Nome Program includes the Program for Decentralizing Resources to the Nomes, the Program for Border Regions of Northern Greece, and the Special Development Programs for Evros Nome and for Kastellorizo.

#### PDE Totals (In millions of drachmas)

Program	1984		1985		% change
	Amount	% of total	Amount	% of total	
National	163.9	75.4	210.4	76.5	28.4
Nome	53.5	24.6	64.6	23.5	20.7
Total	217.4	100.0	275.0	100.0	26.5

#### Distribution of Allocations by Sector and Organization

Above and beyond the increase in total resources allocated to carrying out public works, the manner in which these resources are allocated among the various sectors of the program significantly increases the PDE contribution to speeding up the economic growth rate and to creating social infrastructure.

This allocation was determined on the basis of the goals and priorities within the 5-year program, at the same time taking into consideration the need for:

- a) uninterrupted financing of the program's continuing works in every sector,
- b) intensifying the pace on works financed or subsidized by international organizations,
- c) strengthening the effort to decentralize resources and responsibilities to the nomes, and
- d) promoting those branches of economic activity which contribute significantly to creating new jobs.



The greatest percentage increase in allocations occurs in the health-welfare sector, with a total of 12 billion and an increase of 69.3 percent compared to 1984 payments. The greatest part of this sum is for the construction of medical care units as part of the implementation of the ESY, except for the health centers, which will be financed by allocations of at least 4 billion from the nome programs.

Also of particular significance is the increase in funds for agriculture (62.9 percent), land reclamation (34.8 percent), and transportation projects (35.2 percent). The relatively small increases for forests-fishing, railroads, education, water supply-sewage systems, public administration, and research-technology are due to the large increases in these sectors last year.

Thus, based on data for 1983-1985, the education sector shows an increase of 90.1 percent; forests-fishing, 76.5; railroads, 81.6; water supply-sewage systems, 125.7; public administration, 84.4; and research-technology, 79.6, while the increase for the entire program in the same period was 62.5 percent.

From these data it is clear that the allocation of funds in the Public Investments Program reflects the priority and the emphasis which the government gives to certain sectors in order to realize the goals of economic growth and economic justice. Public Investments Program activity is in absolute accord with the government's decisions, and the timing is coordinated with the 5-Year Program.

PDE Spending by Sector, 1983-1984  
(In millions of drachmas)

Sector	1983		1984		% change
	actual (estimated)	% of total	projection	% of total	
Special works	8,400	3.9	9,000	3.6	17.4
Agriculture	1,950	0.9	2,900	1.2	62.9
Forests-fishing	5,900	2.7	6,400	2.5	18.8
Land reclamation	10,600	4.9	13,050	5.2	34.8
Industry	14,850	6.8	16,200	6.4	19.5
Transportation	21,750	10.0	26,852	10.7	35.7
Railroads	4,400	2.0	4,950	2.0	23.2
Tourism-museums-monuments	3,670	1.7	4,050	1.6	16.2
Education	17,900	8.2	19,668	7.8	20.2
Housing	2,890	1.3	3,420	1.3	27.9
Health-welfare	7,090	3.3	12,000	4.4	69.3
Water supply-sewer systems	6,930	3.2	7,880	3.1	24.5
Public administration	3,000	1.4	3,520	1.4	28.4
Research-technology- technical cooperation	5,500	2.6	6,470	2.6	27.7
Nomes	53,500	24.6	64,610	23.5	20.9
Miscellaneous	43,300	19.9	52,010	20.3	28.9
Administrative expenses	5,720	2.6	6,020	2.4	15.0
Reserve total	---	---	16,000	---	---
	<u>217,400</u>	<u>100.0</u>	<u>275,000</u>	<u>100.0</u>	<u>26.5</u>

## 5. Public Enterprises and Organizations

One of the goals of the government's growth program is to restore the [DEKO] Public Enterprises and Organizations to health, to raise their productivity, to eliminate their losses, and to improve the services offered. The effort to achieve this has borne fruit but is not finished yet. The figures on their deficits show clearly that the increases are being held down and confirms the effort being made to plan more correctly and manage and oversee more effectively.

In the long term the problems of this sector will be solved through the institutional changes which have already begun with the passage of the law on socialization of enterprises of a public nature (Law 1365/83). Note that by 31 December 1984 the presidential decrees required to implement the law in DEI [Public Power Corporation], OTE [Greek Telecommunications Organization], and OSE [Railways Organization of Greece] will have been issued; in 1985 the presidential decrees for the other public enterprises subject to law 1365/83 will be issued.

The public enterprise socialization program makes a complete break in the public sector. It rejects the model of the public enterprise as a centralizing, bureaucratic organization, antidemocratic in its decision-making, and an appendage of the central state apparatus. Our own alternative solution is based on social control and participation by workers and lays the foundations for a new structure of public enterprises which will make them functional and productive, to the benefit of the social whole. It will lead to the upgrading of the quality of the services offered, to the transparency in their internal operation, to a clean-up in their business management, and to the fullest development of the human potential employed in them.

Operating results from the 20 largest DEKO's increased by 292 percent in 1981/1980, by 35 percent in 1982/1981, by 4.5 percent in 1983/1982. We estimate that they will increase by 32.8 in 1984/1983, and we aim to have them increase by 15.8 percent in 1985/1984.

Finally, the operating results of the 18 largest DEKO's (i.e. if we subtract the social insurance organizations IKA [Social Insurance Foundation] and OGA [Farm Insurance Organization]) show the following development in current prices: 1982/1981: -16.4 percent; 1983/1982: 0.9 percent; 1984/1983: 41.0 percent; and 1985/1984: 4.9 percent. At fixed 1981 prices the figures are: 1982/1981: -30.9 percent; 1983/1982: -20.9 percent; 1984/1983: 17.4 percent; and 1985/1984: -12.6 percent.

We should point out that the final figures on the operating results for 1983 are better than those presented as estimates for 1983 in last year's budget (estimates of 1983 operating results for the 20 DEKO's: 81,085 million; actual figures: 68,389 million).

Further our estimates today for 1984 are very slightly greater than the targets set in the budget (1984 targets: 87,565 million; estimated actual 1984 figures: 90,841 million), and we remain optimistic that they will be even better when the books are actually closed, exactly as occurred in 1983.

The fact that in 1983 DEKO losses were held within the limits set but is higher compared to 1983 [sic] is due to the following reasons:

- a) the burden on the DEKO programs caused by the rapid rise in the dollar;
- b) the increased outlay of a number of DEKO's for interest on loans that had been taken out earlier;
- c) some public enterprises were hurt by having the prices of certain services (such as transportation) held down as an indirect social benefit to the country's working people.

According to the targets set for 1985, the losses of the 20 largest DEKO's will increase by 15.9 percent in current prices, or only 4.9 percent if IKA and OGA are not included. In fixed prices, these changes represent a decrease. The working hypotheses on the basis of which the 1985 targets were set represent both the general directions of the government's economic policy and the objective possibilities of cleansing and expanding each particular public enterprise. From the presentation it is clear that the largest percentage of total losses is due to social insurance and communications, while a significant portion is also due to the electricity and water supply sector.

#### Investments

Investments by DEKO's exceed the average rate of increase in the country's total investments and play a significant role in economic growth. The figures are: 1981: 76,974 million; 1982: 94,024 million; 1983: 108,247 million (final); 1984: 141,495 million (estimated); 1985: 174,706 million (targets), for the 20 DEKO's. The largest portion of these investments is in the sectors of electricity-water supply, transportation-communications, and construction.

The investment program for the DEKO's as a whole absorbed particularly large sums. For 1984 the largest investment programs were those of DEI (72,600 million), OTE (19,000 million), OSE (9,000 million), Olympic Airways (6,981 million), EYDAP [Water Supply and Drainage Company] (5,000 million), etc. In 1985, besides the public enterprises listed above, which will continue to have large investment programs (DEI, OTE, OSE, Olympic, EYDAP), the two petroleum-related enterprises will also have large investment increases: Public Petroleum Corporation (6,352 million) and Greek Refineries, Aspropyrgos (9,000 million).

#### Financing Losses and Investments

Any DEKO losses and investment programs are financed as follows: the losses from grants from the ordinary budget, and the investments from grants from the Public Investments Program and other resources.

12593

CSO: 3521/93

## HOPELESSNESS, POLITICIANS' LACK OF CREDIBILITY AFFECT NATION

Lisbon SEMANARIO in Portuguese 21 Dec 84 p 19

/Article by Sarsfield Cabral: "And the Hope?"/

/Text/ What is hardest perhaps is not even the economic difficulties that mark the Christmas of the majority of Portuguese this year, dramatic as those may be in many cases. The worst is the lack of credible prospects of an improvement of the situation, leading to a general hopelessness.

The disposable income of the people is increasingly less as a result of the combined effects of inflation and taxes. The number of automobiles that are going around with "For Sale" signs is an unmistakable sign that many people are lowering their standard of living. But, is all of that not positive in a country where people were allegedly living above their means and where the purchasing power was deliberately reduced to check the foreign deficit?

It would, in fact, be positive if the restrictions were based on an actual change in the economic structures. In that case, the sacrifices would have a useful purpose and the hope of better days would help to bear the difficulties of the present.

But that is not what is happening--as everyone understands, even if they do not understand anything about politics or economics. The balance of payments improved because a brutal recession occurred: there is no investment, so no equipment is imported; we eat less, therefore, we import less. Simply stated, since nothing has been done in the meantime to overcome what is at the root of the unfavorable foreign balances (agricultural backwardness, excessive personnel expenditures in the civil service, oversized public enterprise sector, labor laws that put a premium on unproductivity, etc.), it is obvious that in 1986, after the election year, another and even more severe dose of austerity will befall us.

The politicians occupy themselves with drafting lists of so-called broad measures. It would be much more useful if, for a change, they would put one of them into practice. But the art of the Portuguese politician has centered on putting off--that is why not even he himself believes in what he promises.

Does anyone remember the PRFE /expansion unknown/--a program that was not as bad as some painted it but which, lacking the effective will to go forward with the measures advocated, lost all mobilizing power? In January, the minister of finance proposed "to intensively use the year 1984 as a point of departure and fulcrum for the process of utilizing the response to the serious economic crisis to energize the transforming and modernizing potential that is inherent in the crisis situation itself in the framework of industrial societies." In view of what was (not) done with regard to "transforming" and "modernizing," the politicians can only blame themselves for their lack of credibility and the hopelessness into which they have plunged the country.

8711

CSO: 3542/79



## RETURN TO NEGATIVE TRADE BALANCES EXPECTED SOON

Stockholm DAGENS NYHETER in Swedish 15 Dec 84 p 10

[Commentary by Jan Magnus Fahlstrom]

[Text] According to the Central Bureau of Statistics (SCB), the Swedish trade balance will show a deficit this year. The deficit for the first three quarters is estimated at 4.6 billion kronor, despite a surplus of 17 billion kronor for the exchange of goods with other countries.

This information comes as a surprise, since the National Institute of Economic Research, the banks, and the wage-earner organizations indicated in their latest reports that the trade balance for 1984 would show a surplus of several billion kronor or at least break even.

To be sure, the Bank of Sweden's monthly figures showed a 2.5 billion kronor deficit for the third quarter, but for the first three quarters of 1984 as a whole, the Bank of Sweden reported a surplus of 1.6 billion kronor, which may be compared to the 4.6 billion kronor deficit reported by SCB.

It is not unusual for SCB and the Bank of Sweden to publish differing figures on the trade balance. This is explained, in part, by the fact that they base their figures on different material. The Bank of Sweden receives reports from the Customs Office and the banks, while SCB bases its reports on information from businesses.

As a result, a single business transaction may appear under different months or quarters in the statistics of the two institutions. SCB and the Bank of Sweden meet later and work out compromise figures for the year as a whole.

The trade balance includes the exchange of goods and services, interest payments, and current expenditures for aid to developing countries.

Experience has shown that the most uncertain information is that on the exchange of services. This is particularly true in the preliminary statistics by the month and by the quarter. In fact, the figures on the exchange of services are simply rough estimates.

Previous monitoring has indicated that the export of services has been

underestimated, so that the trade balance has appeared worse than it actually was.

In 1984, however, SCB believes that the exchange of services has been less favorable than last year and believes that this is why SCB, unlike the Bank of Sweden, found a deficit in the trade balance for this year.

The trade balance usually shows a large deficit for the third quarter. Thus, it is possible that the fourth quarter will improve the results for the entire year. This is supported by the fact that the export of goods reached a record high in November (23.6 billion kronor), which brought the monthly surplus in the trade balance up to 2.9 billion kronor, according to SCB.

Regardless of whether we depend on the Bank of Sweden or SCB, however, an extremely favorable trade balance will be required in the fourth quarter if we are to end up on the plus side for 1984 as a whole.

In addition, it will be a long time before we have a more-or-less well-founded opinion concerning the results for the year. We will never be completely sure. Variations of several billion on either side of the zero mark are within the margin of error.

"Unfortunately, there is no real truth in this area," one long-time user of the national accounts told DAGENS NYHETER. "We must be satisfied with mere indications of the true reality."

It is on this background that the numerical exercise above must be seen.

9336

CSO: 3650/93

## NORDIC COUNTRIES SUBMIT JOINT PROTEST TO UK OVER ACID RAIN

Stockholm SVENSKA DAGBLADET in Swedish 14 Dec 84 p 8

[Article by Elisabeth Crona]

[Text] Reykjavik--The five Nordic prime ministers have agreed to issue a joint statement calling on the British government to reduce sulfur emissions. They have also agreed on a unique, joint effort to assist the so-called front-line states in southern Africa.

These two concrete pieces of news were the most important results of Thursday's prime ministers' meeting in Iceland.

Prime Minister Olof Palme and Norwegian Cooperation Minister Svante Lundkvist came to Reykjavik on Wednesday evening with a detailed proposal for a Nordic plan of action against acid rain.

SVENSKA DAGBLADET learned that Denmark advocated even tougher measures against Great Britain than Sweden proposed in the debate. Finland, on the other hand, called for a more cautious line. The reason was that Finnish President Mauno Koivisto recently made a state visit to England, where he took up this issue. Now the Finnish government does not want to jeopardize the effect of the meetings in England by taking a stronger stance.

## Iceland Chairman

Presumably, the Nordic criticism of the Thatcher government's decision not to reduce sulfur emissions 30 percent by 1994, as proposed by the Nordic countries, will be presented by Iceland's ambassador in London. Iceland is currently chair of the Nordic Council of Ministers.

On behalf of all the prime ministers, the Icelandic ambassador will state (according to Thursday's final communique):

"Twenty nations have signed the Nordic proposal to reduce sulfur emissions. Several important countries have not yet lent their support. For this reason, the Nordic governments call on Great Britain to join the Nordic initiative."

The original Swedish proposal contained tougher wording, indicating that it was

"regretable that several countries that emit large quantities that influence environmental conditions in the Nordic countries" had not yet subscribed to the 30-percent reduction.

The Swedes also had much more concrete language on unleaded gasoline than the final communique. They said that countries both within and outside the EC should introduce unleaded gasoline as soon as possible and well before 1989.

But the communique mentioned the introduction of unleaded gasoline and tougher regulations for automobile exhaust only as "other initiatives for protecting the environment."

#### Economic Investment

The economic investment of the Nordic countries in the so-called front-line states is a Finnish initiative that has been studied for several years. These nations--Angola, Botswana, Lesotho, Malawi, Mozambique, Swaziland, Tanzania, Zambia, and Zimbabwe--were jokingly called the "Sorsa states" in the corridors of the Nordic House in Reykjavik.

The Nordic countries already are making large bilateral investments in these countries. The new aspect is the coordination.

In addition, the Nordic countries are promising, in extremely concrete terms, to increase their investments in this area in joint programs. This will involve the transfer of technology, assistance to promote trade among the front-line states, coordination of raw materials and mining operations, and other projects.

The proposals will be taken up by the African countries in question at a meeting on 1 February next year in Swaziland.

This initiative is clearly directed against South Africa. The reasons for the Nordic assistance are described in the communique as follows:

"The reason lies in the enormous economic needs of the region and in the overall foreign policy of the Nordic countries in this region, namely to support and strengthen independent development in these countries and to combat apartheid and minority rule in South Africa and Namibia."

At the initiative of Norway, the prime ministers also discussed the acute drought situation and hunger catastrophe in Africa. They promised to continue and step up their aid to the affected countries.

All five prime ministers traveled personally to Reykjavik for the meeting.

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CSO: 3650/93

## BRIEFS

BALTIC SUPERFERTILIZATION CONTINUING--Mariehamn (TT)--Superfertilization of the Baltic Sea is continuing, and this is the greatest threat to its marine environment. That is the finding of the committee preparing topics for discussion at the upcoming meeting by the Baltic Sea Commission. The committee, which held a meeting in Mariehamn, adopted recommendations concerning industrial discharge and the collection of mercury and cadmium batteries. Lars Thorell of Sweden says: "We also want dentists to stop using amalgam as a filling material." The committee is proposing a recommendation that dentists stop using amalgam by 1989. [Text] [Stockholm SVENSKA DAGBLADET in Swedish 16 Nov 84 p 11] 11798

CSO: 3650/68

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1 Feb 1985